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## NEWS SUMMARY

### GENERAL

## Floods in Cape kill more than 200

At least 200 people were feared drowned when the Buffels River in South Africa's Cape area burst its banks after torrential rain and flooded the small town of Laingsburg.

Residents saw a wall of water more than six feet high sweep through the streets. And many said they watched helplessly as neighbours were washed away.

Military helicopters and police were last night searching for more bodies and plucking stranded survivors from rooftops.

### Ship pay deal

Canadian Pacific ships became the first shipping company to break the ship owners' ranks and sign its own pay agreement with the seamens' union. **Back Page**

### Farm strike threat

Polish peasant farmers announced plans for strikes across the country tomorrow to press demands for their own union. **Project funds, Page 2**

### Ulster bomb wave

A wave of bombings hit Northern Ireland, injuring more than 10 people in six towns. Damage to several shops and restaurants was said to be extensive.

### Hostages' day

President Reagan proclaimed Thursday a day of thanksgiving to honour the freed U.S. hostages. In San Francisco, a bomb exploded in an Iranian bank.

### Killer detained

Man described by a judge as "an animal" for killing "TV wedding" couple Steven and Hilary Burroughs was ordered to be detained indefinitely at Rampton hospital.

### Fire toll rises

The toll in the South-East London house fire has risen to 12 with the death in hospital of a 16-year-old youth who suffered severe burns.

### Mortgage plea

Building societies in a letter to Chancellor Howe called for the doubling of the tax relief ceiling on mortgages and the abolition of stamp duty.

### Broker retires

The Bank of England said Sir Thomas Gore Browne will retire in April as Government broker and will be succeeded by Lord Cromwell, the second broker.

### Banker sacked

Tanzanian President Julius Nyerere sacked two top officials of the state run Tanzania investment bank in a crackdown on high level corruption.

### Far East fashion

Harrods fashion buyers said Hong Kong could soon be one of the stars of fashion design after they had placed large orders for silk garments. **Page 4**

### Summit divided

Moslem leaders were sharply divided over the Soviet invasion of Afghanistan at the start of the Islamic summit in Taif, Saudi Arabia. **Page 3**

### Palace shake-up

Crystal Palace Football Club said manager Malcolm Allison had left by "mutual agreement." He will be replaced by Wimbledon's manager Dario Gradi.

### Briefly . . .

Man died when his sports car crashed at over 100 mph on the A316 in Middlesex.

Five bodies were recovered from the sea off Norway where the Greek iron ore freighter Deifovos sank.

### BUSINESS

## Equities up 8.2; Gilts off 0.23

● **EQUITIES** advanced on a return of confidence about lower inflation and interest rates, the FT 30-share index closing 8.2 up at the day's high of 463.9. **Page 28**

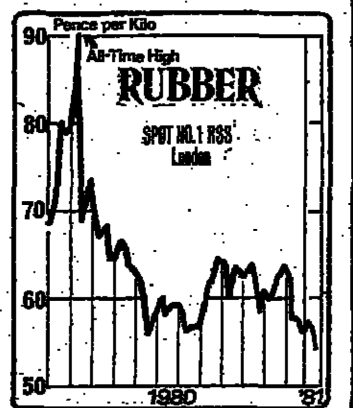
● **GILTS** were dampened by the prospect of £1bn extra stock. The Government Securities index finished 0.23 lower at 68.86. **Page 28**

● **DOLLAR** was firmer, closing at DM 2.0520 (DM2.0345), SwFr 1.8525 (SwFr 1.8380) and Y203.5 (Y202.6). Its trade-weighted index was 87.8 (87.3). **Page 23**

● **STERLING** was very firm, finishing up 95 points at \$2.4165, at DM 4.96 (DM 4.90) and FFr 11.44 (FFr 11.30675). Its index was 81.0 (80.4). **Page 23**

● **GOLD** shed \$23 to \$529.5 in London. **Page 32**

● **RUBBER** values dropped to their lowest level for two years as poor demand continued. The




spot No. 1 RSS quotation lost a further 1.5p to 54p a kilo. **Page 27**

● **WALL STREET** was off 3.59 at 936.6 before the close. **Page 26**

● **PROPOSALS** intended to prevent companies using overseas subsidiaries to avoid UK tax were published by the Inland Revenue. **Back Page**

● **PLANS** for an EEC oil bank are being considered by the European Commission as a means of implementing recent international oil-sharing agreements. **Back Page; Japan cuts oil imports, Page 3**

● **RAPID** expansion of special loans to small and medium-sized businesses in UK assisted regions is planned by the European Investment Bank. It will channel funds through the Industrial and Commercial Finance Corporation. **Page 7**

● **ITALY** has asked Bankers Trust to arrange a \$2bn Euro-credit to finance reconstruction work in Naples following last November's earthquakes. **Back Page; Euromarkets, Page 20**

● **CONSORTIUM** headed by Hochtief, West Germany's second biggest building concern, has secured a DM 3bn (£605m) order to construct a dam in northern Iraq. **Back Page**

● **ROLLS-ROYCE**, the State-owned aero-engine manufacturer, was halfway back to profitability in 1980 and believes it is on track for profits this year, Lord McFadzean, chairman, said. **Page 6**

● **LEADERS** of Britain's five print unions expect at least two amalgamations or takeovers this year. **Page 11**

● **PRINTING** industry representatives will meet Mr. John Biffen, Trade Secretary, to discuss the difficulties of book producers, who have been badly affected by imports. **Page 7**

### COMPANIES

● **MERCANTILE HOUSE** Holdings reports a rise in pre-tax profits from £1.42m to £2.61m for the half-year to October 31, 1980. The interim dividend is up 1p to 5p. **Page 18**

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| BPB Inds. | 240 | + 9 |
| Barget | 115 | + 25 |
| Bass | 199 | + 5 |
| Boots | 235 | + 7 |
| Boustead | 128 | + 16 |
| Bristol Evng. Post | 165 | + 60 |
| Brown (John) | 61½ | + 5 |
| Burton | 108 | + 11 |
| Cullens A | 170 | + 14 |
| Epicure | 27 | + 2½ |
| GEC | 595 | + 15 |
| Heath (C. E.) | 176 | + 9 |
| Imperial Group | 77½ | + 2½ |
| Legal and General | 216 | + 9 |
| Muirhead | 78 | + 8 |
| Parkland A | 40 | + 3 |
| Racal Electronics | 315 | + 9 |
| Ready Mixed Conc. | 170 | + 7 |
| SEET | 66 | + 6 |
| Somportex | 760 | + 40 |
| Tate and Lyle | 166 | + 6 |
| Wheeler's Rsnts. | 330 | + 40 |
| BP | 404 | + 12 |
| Candecca | 214 | + 11 |
| Hidong | 64 | + 10 |
| **FALLS** | | |
| Excheq. 11¾pc '86 | £93⅞ | − ⅜ |
| Treas. 8pc '02-06 | £67⅞ | − ¾ |
| Assd. Dairies | 187 | − 7 |
| Davy Crpn. | 150 | − 4 |
| Lucas Inds. | 164 | − 4 |
| Cns. Gld. Fld. Aust. | 300 | − 20 |
| Deelkraal | 166 | − 37 |
| Durban Deep | 770 | − 155 |
| East Rand Prop. | 775 | − 150 |
| Elandsrand | 249 | − 41 |
| Gencor | 650 | − 100 |
| Grootvlei | 249 | − 72 |
| Libanon | 675 | − 105 |
| West Driefontein | £26 | − 4 |
| Western Hldgs. | £26 | − 4 |

# Government approves £990m aid for BL over next two years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT is to inject £990m more into BL over the next two years, Sir Keith Joseph, the Industry Secretary, said yesterday. A decision on the additional £150m the group says it needs for 1984 and 1985 will probably be taken at the end of this year.

Sir Michael Edwardes, promised the long-term cash he requested, said he would stay on as chairman to the end of next year to see the plan through.

This means he will spend at least five years with BL, compared with the three he expected to stay when he joined from Chloride in November 1977.

Sir Keith said last night he could give no guarantee that BL would not require—or be given—more state aid after it had absorbed the £990m.

The group had "done just enough" in 1980, in terms of introducing new working practices, reducing overmanning and launching the Metro on time and to the satisfaction of the dealers, to justify the latest Government funding.

The Government's options were relatively few, said Sir Keith.

"We tried to find a middle way but there was no middle way. It was a question of either accepting or rejecting the proposals the BL board had put to us. Whether we accepted or rejected, the taxpayer would have been clobbered."

Sir Keith said the cost of refusing extra funds for BL would have been greater than £990m because of the closures involved. He gave no details but said his Department had estimated that it would mean the loss of 150,000 jobs, inside and outside BL.

Sir Michael and his board have given the usual undertaking that if anything should blow BL substantially off the planned course, the corporate plan and the investment involved would be reconsidered.

The plan looks for "diminishing losses" in 1981 and 1982 (unofficial estimates of the 1980 loss are around £400m net) and


Continued on Back Page
Resigned despair. Page 6
Air of déja vu. Page 8
Lex. Back Page


### FIVE YEARS OF SUPPORT

| | |
|---|---|
| March 1975 | Ryder report recommended private shareholders be bought out; injection of £200m in new equity; and £1bn available in loans for investment to 1982. |
| August 1975 | £46m was paid for about 95 per cent of the issued BL shares by the National Enterprise Board. |
| October 1975 | £200m of equity was injected during a capital reconstruction. |
| Early 1977 | £150m loan was drawn down. |
| 1978 | £450m in new equity. Sir Michael persuaded the Government equity was preferable to loans. |
| 1979 | £150m in new equity. The NEB invested £25m in Wholesale Vehicle Finance, set up to provide finance for BL dealers' stocks. |
| 1980 | The 1977 loan of £150m converted to equity, saving interest payments. £300m of equity was drawn. The total direct to BL reached £1.322bn. |
| January 1981 | Government promises £620m of new equity for 1981 and £370m in 1982. |

# Murdoch seeks discipline clause

By John Lloyd, Ivor Owen and Alan Pike

MR. RUPERT MURDOCH has demanded that print unions at Times Newspapers sign a tough disciplinary clause aimed at cutting unofficial stoppages.

The clause is identical to one angrily rejected by the unions during the current discussions with the Newspaper Proprietors Association on this year's pay agreement.

Top officials of the five print unions have been asked by Mr. John Collier, one of Mr. Murdoch's leading industrial relations executives, to attend a meeting on Monday to discuss the proposed disciplinary clause. The letter says it is essential to guarantee continuous production of the newspapers.

However, union officials last night expressed alarm over the proposed clause, and indicated that they would be unlikely to accept it. It lays down that, on the first night of an unofficial stoppage, those directly involved would lose one night's pay; on the second, members of the same union but not involved in the dispute would be suspended on basic pay; on the third, all print workers would be suspended on basic pay.

This formula has already been rejected by the print unions in talks last year with the NPA. A second, less tough formula was also rejected by the unions, who are drafting their own disciplinary clause for further discussion.

If the unions agreed it with Mr. Murdoch, they believe they would be required to concede it throughout Fleet Street.

In other developments yesterday:

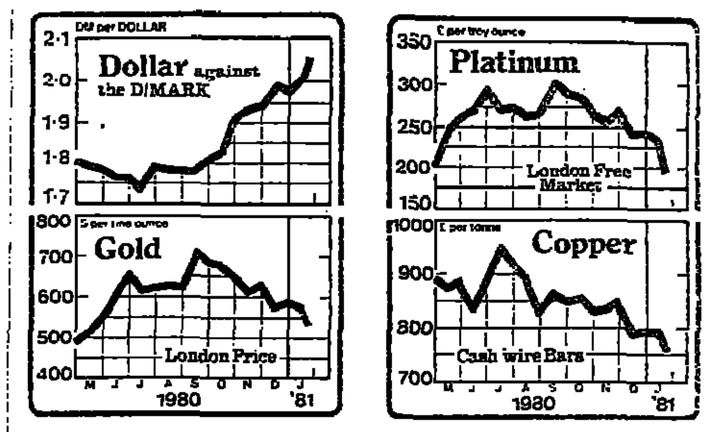
● The Speaker of the House of Commons ruled that there should be a three-hour emergency debate today on whether Mr. Murdoch's proposed acquisition of the newspapers should be referred to the Monopolies and Mergers Commission.

Mr. George Thomas, the Speaker, upheld an application by Mr. John Smith, Shadow Trade Secretary.

As small number of Conservative backbenchers joined with the general body of Labour MPs in indicating support for an emergency debate.

Mr. Smith said that if the sale were to go ahead, it would create a very large concentration of newspaper power in one ownership, precisely the circumstance which Parliament had in mind when it passed the


Continued on Back Page
Associated bid for Bristol Evening Post, Page 19


# Fall in D-Mark and gold as £ and dollar rise

By David Marsh in London and Stewart Fleming in Frankfurt

THE DOLLAR and sterling surged on the foreign exchange markets yesterday as volatile international investment funds streamed out of gold and German Deutsche Marks in pursuit of high interest rates.

Fears of a lasting monetary squeeze by the U.S. Federal Reserve dominated a day of widespread movements on currency and commodity markets around the world.

The dollar rose strongly to close in London at DM 2.0520, its highest against the Deutsche Mark since July 1978 and up sharply from Friday's finish of DM 2.0345.

The pound's trade-weighted exchange index gained further ground to 81.0, its highest since December 1973, compared with 80.4 on Friday. Against the dollar sterling closed at \$2.4165, up 0.95 cents.

*Gold fell \$23 in London* to close at \$529.50 a troy ounce — its lowest for eight months. Heavy selling — some of it from the Middle East — spilled over into platinum and the base metal markets.

Continental European currencies fell sharply against the dollar and sterling, led by the Deutsche Mark, which also touched its lowest permitted level against the French franc in the European Monetary System.

In Frankfurt, the Bundesbank made an open sale of \$10m at the midday fixing — its first public support intervention for the D-Mark for seven weeks.

The EMS also came under strain from the weakness of the Belgian franc against the French franc. The Swedish krona — which is not in the exchange rate scheme but generally keeps near the level of EMS currencies — declined further against the dollar.

The weakness of the gold price led to heavy selling of South African mining shares in Johannesburg and London. The FT Gold Mines Index dropped 37.6 to 287.8 and has now fallen almost 30 per cent since the beginning of the year.

Fears that West Germany's current account deficit could rise this year to above last year's level of DM 30bn, with the *expected return to a 6 per cent* inflation rate this month, were the main factors depressing the Deutsche Mark, which dropped yesterday to its lowest for nearly five years against the pound.

Yesterday's turbulence came in spite of a slight decline in Eurodollar interest rates. But generally, however, investors anticipate U.S. interest rates will stay around current levels for some time, and could even go higher.

John Edwards writes: Commodity prices, especially metals, were hard hit by the fall in gold yesterday. The Free market platinum price tumbled by £15.35 to £197.25 a troy ounce—the lowest level since early 1979. The dollar price equivalent lost \$36 to \$476 an ounce and at one stage dipped to \$470.

On the London Metal Exchange, copper dropped to the lowest level since late 1978. Cash wirebars lost £5.75 to £735 a tonne, depressed further by a quick end to the strike on the Zambian copperbelt.

Lead and tin prices also declined to the lowest levels since 1978, whilst natural rubber sank to a two-year low at 54p a kilo. There were also losses in cocoa, coffee and grains. All these markets are already depressed by poor demand creating surpluses.


Money Markets, Page 23
Commodities, Page 27
Lex, Back Page


### £ in New York

| — | Jan. 23 | Previous |
|---|---|---|
| Spot | \$2.4120-4130 | \$2.4115-4130 |
| 1 month | 1.15-1.25 pm | 1.00-1.10 pm |
| 3 months | 2.75-2.85 pm | 2.70-2.80 pm |
| 12 months | 5.90-6.10 pm | 5.45-5.65 pm |

# Nine more Labour MPs back plan to break away

BY RICHARD EVANS, LOBBY EDITOR

THE COUNCIL for Social Democracy, launched by Labour's so-called Gang of Three and Mr. Roy Jenkins to prepare the ground for a new political party, yesterday attracted a further nine Labour MPs to its cause.

The key name in the new list is Mr. Tom Bradley, MP for Leicester East and a member of Labour's National Executive Committee, its controlling body. He is also a past president of the Transport Salaried Staffs Association, the white-collar rail union, and has long been involved in union as well as Labour Party politics.

The others are Mr. Dick Crawshaw (Liverpool Toxteth), Mr. Tom Ellis (Wrexham), Mr. John Horam (Gateshead West), Mr. Robert Maclennan (Caithness and Sutherland), Mr. John Roper (Farnworth), Mr. Neville Sandelson (Hayes and Harlington), Mr. Mike Thomas (Newcastle East) and Mr. Ian Wrigglesworth (Thornaby).

They bring the political leadership of the potential breakaway group to 13, including Mr. Jenkins—who revealed yesterday he had let his Labour Party membership lapse—and the Gang of Three, Mrs. Shirley Williams, Dr. David Owen and Mr. William Rodgers.

The group has set itself the task of preparing a nationwide organisation in the next few months so that, *if sufficient support is found, a final break* from the Labour Party can be made around May or June.

There were early signs yesterday that the new grouping will not have an easy ride at Westminster while its members remain in the Parliamentary Labour Party. The Left was furious at their tactic of retaining membership while plotting to disengage, while other moderates accused them of shying away from the continuing fight within the party.

Mr. Roy Hattersley, shadow Defence spokesman, said on ITN he was sorry to see the step towards an independent party. "I think it is bad for them. Much more important, it is bad for the Labour Party and for the cause of democratic socialism. If it does happen I hope no real Labour Party supporter will be seduced into thinking there is any real path for democratic socialists. They ought to stay with us in the Labour Party."

*He argued that it was possible* to change the decision made at the special party conference on Saturday on the election of a leader. Individual members of the party should speak up and be counted. "The majority is there for mainstream socialism. It is up to people like me to mobilise it."

At a special meeting of the PLP, called for today to discuss its constitution, an attempt will


Continued on Back Page
Editorial Comment, Page 16
Parliament, Page 8


# Charterhouse banker resigns

BY CHRISTINE MOIR

A SECOND senior banker has resigned suddenly from Charterhouse Japhet, the banking arm of the Charterhouse Group, because of the tense struggles following Charterhouse's takeover of Keyser Ullmann.

Mr. John Turnbull, joint head of banking, resigned at the weekend over deep "differences of opinion on policy." A month previously Mr. Malcolm Wells, the chief executive of Charterhouse Japhet, left for the same reason.

The central struggle is for the top job in Charterhouse Japhet, that of chief executive and probable future chairman. This will fall vacant in June when Mr. Derek Wilde retires.

Mr. Wilde, formerly chairman of Keyser Ullmann, became chairman of Charterhouse Japhet at the time of the merger, which created one of the *largest merchant banking* operations in the City.

Mr. Wells became acting chief executive. Mr. Turnbull and Mr. Martin Harper, another Keyser Ullmann man, were made acting joint heads of banking.

When Mr. Wells resigned suddenly early in December, Mr. *Wilde took over as acting chief* executive. It became clear that the main Charterhouse board was looking for his replacement outside the group.

Mr. Geoffrey Rowett, chief executive of the whole group, said yesterday that "good progress" was being made in finding the new chief executive of the bank. Meanwhile, the board had decided not to alter the "acting joint heads of department" structure until the new man *could settle in and make* his own arrangements.

Mr. Turnbull, an overseas banking specialist, had not agreed with that decision, he said, which was the reason for his resignation.

This was "probably the end" of the management shake-up, Mr. Rowett said. "Other retirements and resignations would be "in the normal course" of events.

"It would be wrong to draw from the two resignations so far the conclusion that the merger was not succeeding. I believe we are working in the right direction," he said.

## CONTENTS



*For latest Share Index phone 01-246 8026*

# Warsaw stops funds for 49 projects

BY CHRISTOPHER BOBINSKI IN WARSAW

THE Polish Government has instructed the central bank to stop financing 49 investment projects which it ordered shelved last November as part of an attempt to switch resources to consumer spending and cut back on imports of machinery.

According to the Communist party newspapers, Trybuna Ludu, this was because work on many of the projects had been proceeding.

"Work on many of the projects, which had been proceeding at a snail's pace, had suddenly gone full speed ahead," *two newspapers said.*

According to this year's economic plan, which has come in for sharp criticism in Parliament and has still to be approved, spending on investments this year was to be held down to Zl 530bn (£6.9bn), a drop of 20 per cent on last year. This means that cuts worth some Zl 100bn had to be found by stopping work on projects underway.

The 49 projects account for only half this figure. Individual Ministers and local Government authorities have been told by the Government to make further cuts which would save another Zl 50bn. The centrally-ordered cuts hit the steel industry — especially development plans for the Katowice steelworks, roadbuilding and rail projects.

It happens that individual Ministries and enterprises are attempting to complete as much of the shelved projects as possible so that they can argue that halting work would be wasteful as only a little more spending would complete the project.

In 1980, investment spending fell by 10 per cent compared with 1979. Spending on construction and engineering work *fell by 15 per cent,* while outlays on machinery and equipment fell by 5 per cent. By the end of the year, stocks of machinery and equipment, uninstalled for more than six months, were 22 per cent up on stocks at the end of 1979.

● In Lodz, students at the film school and polytechnic are threatening to join 3,000 students who are occupying the University in an attempt to make curricula more flexible and cut down the number of hours devoted to political studies. The students are demanding that talks broken off with Government officials be resumed.

# Bonn MPs want tank project scrapped

BY ROGER BOYES IN BONN

THE DM 1.5bn (£310m) Franco-German project to build jointly a battle tank for the 1990s has come under sharp fire from important West German backbenchers, who want it scrapped.

Despite its financial problems, the Defence Ministry is withholding judgment until the official "definition phase" is *completed in April. The Government,* however, feels the plan should go ahead, largely because it is seen as a symbol of Franco-German relations. The agreement was signed shortly after the invasion of Afghanistan and seemed to show that European allies were prepared, in their own fashion, to increase military preparedness.

Now the influential parliamentary Defence and Budget Committees have criticised the project as unnecessary and wasteful. This follows *complaints from* the West German arms industry that the French are prepared to take only 1,000 of the 4,000 proposed production, that they will benefit disproportionately from West Germany's long technological experience in tank-building, and that Paris is seeking too much control.

The left wing of the Social *Democrat Party* is also concerned about sales of the tanks under France's less stringent weapons export policy.

The committees' view is significant because they can mobilise parliamentary support against the Defence Ministry, which is already rather unsure of itself *as a result of the financing difficulties* surrounding the Tornado multi-role combat aircraft. The regular Franco-German summit is also due next week.

The likeliest compromise at present is that the West Germans will settle for an improved version of the Leopard II tank, with the French co-operating in most of the innovations. This would be far cheaper than starting from scratch and would be feasible because little of the estimated *DM 1.5bn has been spent so far.*

● Herr Juergen Schmude, the *West German Education Minister,* is to take over as Justice Minister in succession to Dr. Hans-Jochen Vogel, who has just become Governing Mayor of West Berlin.

Herr Schmude (44) is likely to be succeeded by Frau Anke Fuchs, State Secretary in the Labour Ministry, although no firm decision has been taken. All the changes involve members of Chancellor Helmut Schmidt's Social Democrat party.

# Gold for Swiss market falls 36%

By David Marsh

Physical supplies of gold on to the Swiss bullion market last year fell by 36 per cent—to 629 tonnes—compared with 1979, according to a valedictory series of gold trade statistics issued by the Swiss customs office.

The decline, particularly reflected a sharp drop in direct deliveries by the Soviet Union, the world's second *largest producer,* which reduced supplies to 40 tonnes, from 214 tonnes in 1979.

The customs office confirmed yesterday that it will stop *publishing detailed figures* on gold movements from this month. It claimed that a breakdown of imports and exports according to countries *"can be misleading or endanger* general economic interests."

Recent publicity given to the Swiss figures, after years of *being thought secret,* are known to have discomfited the Swiss banks and irritated the Soviet Union, which has used Zurich as its main sales outlet to the West in recent years.

The Swiss National Bank advised the customs office towards the end of 1980 to stop publishing the breakdowns.

The drop in supplies last year also reflected reduced direct deliveries from the main producer, South Africa. These fell to 95 tonnes from 117 tonnes in 1979, with the December inflow—at only 4 tonnes—one of the lowest monthly figures of 1980.

A big drop in indirect South African supplies via London was also indicated by a decline in imports from the UK to 131 tonnes last year from 313 tonnes in 1979.

The import/export figures are only an imprecise indicator of transactions, as a large *number of sales and purchases* of gold are made without the bullion ever moving.

Some gold imports are also stored in bonded *warehouses at Zurich airport,* and thus do not show up in the figures.

The lower Russian imports figure does not give the full picture of actual sales, as Moscow can move gold both before and after selling the metal. About 20 tonnes of its deliveries in 1979, for example, are thought not to have been sold until last year.

On the exports side, the volume of gold taken out of Switzerland dropped by 15 per cent last year, to 552 tonnes.

UNION OPPOSITION TO ECONOMIC STRATEGY GROWS

# Belgian coalition braced for a fight

BY LARRY KLINGER IN BRUSSELS

THE BELGIAN Government is bracing itself for a confrontation with the country's trades unions over its package of measures aimed at economic recovery.

A demonstration in Brussels at the weekend by 80,000 to 100,000 trades unionists may be only the opening shot in the labour movement's battle to defeat the Government's two-year freeze on wage rises.

Until now the coalition Government led by Mr. Wilfried Martens has based a large part of its strategy on what it perceives as an unwillingness by the unions to take strike action because of serious unemployment.

Pressure on the unions to act is growing, and with further cuts envisaged as Parliament debates the national budget over the next few weeks, the government coalition of Christian Democrats and Socialists is likely to come under increasing strain.

Belgium already has the EEC's worst unemployment rate at more than 12 per cent and there are some dire blows to jobs in the offing. As many as 4,000 could be lost if the Government approves a merger between Belgium's biggest steel-making concerns. At the weekend there were also reports that BL, the British car manufacturer, was considering closing its Belgian factory, which employs 2,700.

*The Government's main* concern is that a united union opposition could lead to a series of strikes in the ports, railways and public utilities such as those which defeated similar austerity measures two years ago.

Even if union militancy were to build only slowly, the Government's determination to press on with a further tightening of the economy will be severely tested. Passage of the Bills to implement the economic recovery package is nearing completion in Parliament, after which the budget debate will start in earnest.

Mr. Martens has said a budget deficit this year of more than BFr 100bn (about £1.2bn) would not be acceptable. But the current budget, when allowances are made for the cost of the economic package, would have a deficit in the region of BFr 187bn.

The Government estimates that its freeze on wage rises above that allowed through indexation to inflation will result in lost tax income of BFr 50bn. It expects that its proposed tax relief for small and medium-sized companies to promote expansion will cost BFr 16bn and that job-creation schemes will add BFr 30bn more.

Mr. Martens . . . *counting on the unions*

The problem will be where to make cuts, especially as many departments are expected to request extra money.

The Socialists, whose union *supporters staged Saturday's* demonstration, have already given considerable ground on reductions in social services spending and unemployment *benefits. They will be certain* to try to protect these areas from further cuts, probably suggesting pruning expenditure in defence and foreign aid.

*The more outward-looking* Christian Democrats might be expected to protect spending related to foreign policy. Their dilemma will lie in trying to *find what other areas are* to suffer while maintaining the Socialists' support.

Their efforts will also be made more difficult because of union pressures. The Christian Democrat-led union federation, which did not support the weekend action, might be willing to close the gap with their Socialist colleagues if any new Government measures were seen to be putting an increasing burden on the poorer-paid members of the Community.

# East German support for hard-line Polish general

BY LESLIE COLITT IN EAST BERLIN

THE SOVIET UNION'S chief Warsaw Pact ally, East Germany, has given its seal of approval to Poland's former head of security, General Mieczyslaw Moczar, who has *called for an "offensive" by the* Polish Communist party against "anti-Socialist" elements in the Solidarity independent union movement.

As Minister of Internal Security, Gen. Moczar cracked down on Polish students in 1968 and was associated with a *virulent anti-Jewish campaign* in the party.

He has now been given unusual prominence in the official East German party newspapers which published his tough remarks yesterday along with his picture.

Gen. Moczar's reputation in Poland is that of an extreme nationalist who headed the right-wing faction of the Polish Communist party as leader of the former Second World War partisans. He is quoted as urging members of his war veterans' association to do *everything to help the country* out of its crisis.

In the 1960s, Gen. Moczar was a leading rival of Mr. Wladyslaw Gomulka, the late party leader, but was removed from the politburo by Mr. Edward Gierek when he came to power in January, 1970. Last month he was reappointed to the politburo.

# Britain receives £271m in EEC budget repayments

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday sent another £271m rolling in the direction of the *British Treasury as part of the* rebate on the EEC's budget payments.

This brings total receipts from Brussels in the last few weeks to £368.6m. *Under last* May's agreement between the UK and her EEC partners, some £638.6m will be paid back to Britain during the current financial year as a rebate on her 1980 budget payments. This is about 80 per cent of the total. The balance will be paid later in the year and should bring total receipts to around £703m.

Of the latest payment, some £211m flows from the so-called "financial mechanism" which is a formula for reducing 1980 payments to Brussels by £281m. Another £60m will go towards the special UK "supplementary measures" by which the EEC is notionally funding a variety of regional spending programmes.

Despite the rebate, Britain's net payments to Brussels in 1980 were still, at £360m, the second *highest in the Community and* exceeded only by those of West Germany.

**David Marsh adds:** The large payments due during the January-to-March quarter will serve to lower the Government's borrowing requirement during the last quarter of the 1980-81 financial year.

The £60m being paid under the "supplementary measures" is the second instalment under this scheme. The sum of £98m *was paid out in December,* a further £315m is due during the January-to-March quarter, and a final £110m will come in during the autumn.

The first allocation of money under the supplementary measures will be used for roads, rail, water and sewage, factory and telecommunications projects in Wales and North-West England.

# Italian Left split by row over terrorism links

BY RUPERT CORNWELL IN ROME

RELATIONS BETWEEN Communists and Socialists on the Italian left have been reduced to a low by the latest vitriolic row over the alleged international links of the country's terrorism.

The dispute stems from interviews by President Pertini, himself a Socialist, in which he claims that the nerve centre of Italian terrorism lies abroad—probably behind the Iron Curtain.

The President and other politicians have often spoken of such links, but have yet to produce serious proof that a *foreign power was directing or* manipulating the strategy of the subversives.

Coming after the controversy over whether state concessions helped secure the release of Sig. Giovanni D'Urso, the magistrate held by Red Brigades for 33 days, his remarks have generated severe political shock-waves.

In a weekend speech marking the 60th anniversary of the foundation of the Italian Communist Party, Sig. Enrico *Berlinguer, the national party* secretary, accused the Socialists —who had all along preached appeasement in the D'Urso affair— of using the issue of *international links* to distract attention from their own widely criticised stance.

The Communists, moreover, believe that the Socialists are aiming to show that the Communist Party, whatever its hard line against terrorism, was in fact the historical breeding-ground for many now active in the far left. These former Communists are being aided, the Socialists would like to imply, by other Communist powers in Eastern Europe.

The dispute seems likely to *be exacerbated* by a parliamentary debate this week on the charges levelled by President Pertini. The Government will be pressed to tell all it knows, but is *unlikely* to do anything more than go over old ground.

Any new display of political rancour, however, can only further weaken the government of Sig. Arnaldo Forlani, whose sole merit is generally held to be that it is the only alternative to yet another round of early general elections.

Sig. Berlinguer pledged again to fight the next Communist campaign on the platform of a left-wing alternative, led by the *Communists and supported* by the other smaller left-wing parties. But the credibility of such an idea hinges on good ties with the Socialists, and that, after the new row over terrorism, seems even more remote.

# French meet oil goal as imports fall 12.5%

BY TERRY DODSWORTH IN PARIS

FRENCH EFFORTS to save energy and the decline in industrial production which set in last autumn combined to produce a 12.5 per cent drop in oil imports last year.

The reduction in imports, down to 110.2m tonnes from 126m tonnes the previous year, means that France was able easily to meet the pledge of 117m tonnes agreed for last year with other EEC nations. But it did little to halt the growth in spending on imported oil, a principal cause of last year's FFr 60bn (£5.4bn) trade deficit. Expenditure rose 54 per cent to FFr 110.6bn £9.9bn) compared with FFr 72bn (£6.45bn) in 1979.

Last year's oil import figure was the lowest since 1975 when France bought 160m tonnes overseas. It suggests that that the wide-ranging energy plan, designed to conserve power and to substitute other forms of fuel for oil, is beginning to show results.

This conclusion is backed up by separate figures showing that oil consumption fell by 6.5 per *cent, mainly as a result of* reductions in the use of domestic fuel oil and heavy oil for generating electricity.

In both these categories the Government has been making big efforts to achieve savings by emphasising the importance of conservation and by switching increasingly to nuclear power generators.

Petrol deliveries, however, are still growing, although only by about 1 per cent last year. The Government is aiming to tackle the problem over the medium-term through the development of more economic vehicles and substitution with alcohol-based fuels.

## Turkish company

In last Friday's paper the private Turkish company Borusan was incorrectly included in a group of state enterprises whose heads are being purged by the military junta.

# U.S. may change tack at security conference

By Robert Graham in Madrid

THE CONFERENCE on Security and Co-operation in Europe resumes today, after a five-week recess, providing the Reagan Administration with its first opportunity to discuss détente with the Soviet Union.

The U.S. negotiating team is expected to continue, for the time being, its condemnation of the Soviet invasion of Afghanistan and Soviet abuse of human *rights.* But an eventual slight shift in policy is not ruled out by Western diplomats.

Since President Jimmy Carter was defeated in the U.S. Presi*dential elections last November,* the conference has been waiting to see if U.S policy would alter.

Already, Mr. Alexander Haig, the incoming Secretary of State, has said in evidence to a Congressional committee that less prominence will be given to human rights issues.

Not least, the Soviet Union is said to be anxious to know if this applies more to developing countries and U.S. allies than to Eastern Europe.

Among the smaller European countries, there is concern that President Reagan may downgrade the importance of the conference process, dismissing it *as an ineffectual talking shop.*

Uncertainties about the attitude of the Reagan Administration have served to give a new edge to the conference. Another *change is the feeling* that the West has obtained as much capital from its condemnation of Soviet activities as is possible.

## Successful tactic

The six weeks of meetings up to the Christmas break saw *the Soviet Union and its allies* thoroughly castigated by one Western delegation after another for failing to respect both the spirit and the letter *of the 1975 Helsinki Final Act.*

The Soviet Union, on the whole, preferred to ride with the punch, making only modest counter-attacks. This tactic has been quite successful.

The second phase of the conference, beginning today, will be divided into two parts and is scheduled to last until March 5. The first part will be a two-and-a-half week discussion of new proposals to improve security and co-operation. The second will be devoted to drafting a final document.

Before the Christmas recess, 83 proposals were tabled and delegates can, during the second phase, table more. More than anything these are propaganda exercises, whether tabled by East or West, because they stand little chance of adoption. *They cover the three sections or* "baskets" into which the Helsinki Final Act was divided.

"Basket One" covers questions relating to security, in*cluding disarmament and* what the conference calls "Confidence - Building Measures" such as prior notification of military manoeuvres.

"Basket Two" covers co-operation in the fields of economics, science, technology and environment, and is designed to promote commercial relations.

"Basket Three" covers a range of questions relating to the freedom of movement of people and ideas, and includes the whole issue of human rights.

Proposals under "Basket One" include references to the Soviet invasion of Afghanistan, seeking to bind the Soviet Union to respect the internal affairs of another country. But the most important new proposals concern disarmament.

The French have proposed a two-phase disarmament conference—a first phase to agree on a new series of confidence-building measures to allow much greater transparency in the military behaviour of NATO and the Warsaw Pact countries.

The second phase would be agreement on force reductions within Europe up to the Urals. Poland, for the Warsaw Pact, has proposed a much broader and vaguer disarmament conference that would also cover military détente. By implication, the geographical extension to the Urals is rejected.

## NATO backing

NATO has given its backing to the French proposal, but is not too enthusiastic, largely because machinery for discussing disarmament—such as the Vienna Mutual Force Reduction talks, and the Strategic Arms Limitation Treaty (SALT) negotiations, already exist.

One Western military attaché commented that progress was wholly unrealistic when some East European countries *"abused the most mundane confidence-building measures."*

Despite the pessimism, the disarmament proposals will give some indications how the Soviet Union and the Americans intend to treat détente over the next year or so. The same applies to human rights issues raised in "Basket Three."

The exception, where limited progress can and might be made, is under "Basket Two" with measures designed to *improve East-West commercial* links.

A senior Western delegate said yesterday that if by the end of February it was clear that no general progress was being made, Western countries would seek to wrap up the conference as soon as possible.

# Denmark tries to regain its financial balance

BY HILARY BARNES IN COPENHAGEN

AGAINST all expectations, Denmark cut its current account payments deficit in 1980 to about DKr 14bn (£943m), or 3.8 per cent of gross domestic product, from DKr 15.6bn in 1979. Inflation also slowed, with prices at the end of the year rising at an annual rate of 6 to 7 per cent compared with a peak of 14.3 per cent in the 12 *months to April.*

The Government was somewhat encouraged, but plenty of bad news came in as well.

Unemployment rose to an average of almost 7 per cent, and but for a popular and generous early retirement scheme, it would be nearer 9 per cent. Real gross domestic product fell by 1 per cent, with private consumption falling by about 3 per cent and business investment by 10 per cent. Import volume fell by 5.5 per cent.

Although gross domestic product may stabilise or recover slightly in 1981, unemployment is expected to rise to 8 per cent. A sharp fall in manufacturing orders in the autumn augurs a probable decline of several per *cent in industrial output,* at least in the first half of the year.

As imports are not likely to decline again, the current account payments deficit will probably rise, mainly because interest on the foreign debt of DKr 90bn (23 per cent of gross domestic product) will rise from DKr 10bn to DKr 13bn.

Correcting the external deficit is the main preoccupation of the Social Democratic minority *government, which is relying on* a medium-term strategy to bring about a return to external balance and full employment—unemployment of about 2 per cent—by the end of the decade. The policy has four principal sections.

● Denmark's competitive position is to be improved by 2 to 3 per cent a year, if necessary by allowing the Krone to depreciate further. Its value has declined by 12 to 13 per cent over the *past 18 months, partly because* of two devaluations in 1979.

The policy also implies a curb on wage increases. An important contribution was made in December, when energy was removed from the prices index to which virtually all wages and salaries are linked. However, hourly wage costs rose by about 12 per cent in 1980, partly because of increased holiday pay, and hourly wages in industry rose by about 10 per cent.

● *Real wages after tax, which* fell by about 5 per cent in 1980, will have to decline by 1 to 2 per cent a year in the next few years to keep domestic consumption under control. This will be assured by taxes. Apart from controlling demand, the fiscal threat is also designed to show unions there is no point in demanding high nominal wage increases. The rest will come this spring, when the two-year collective wage agreements in the private and public sectors *are due for renewal.*

● Public sector spending, which now accounts for about 55 per cent of gross national product, should cease to rise in real *terms (from 1983-84,* helping resources to be switched into exports and sectors which compete with imports.

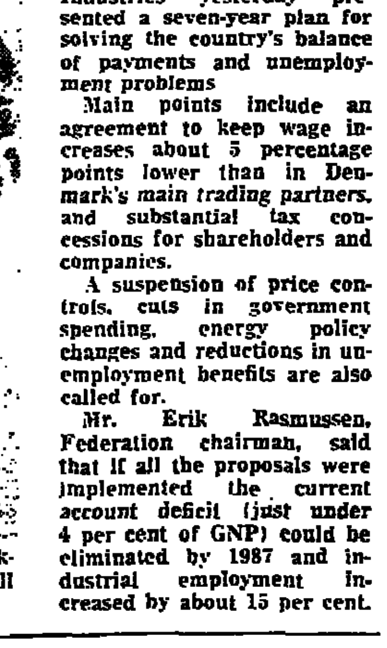
It is too early to say whether the Government is likely to succeed, although the projected rise in spending in 1981 in real terms will be 3.9 per cent. In 1980, public consumption rose by 4.5 per cent, 5.5 per cent if delivery of F16 aircraft is included, and investment fell by 15 to 20 per cent.

● *Under this heading* come the Government's energy, labour market and industrial policies.

Denmark has been relatively successful in limiting domestic energy consumption, partly by piling energy taxes on top of the oil price increases to encourage energy saving. When Den*mark starts* using its own North Sea gas in 1984, the North Sea will supply 25 to 30 per cent of total energy, and by the beginning of the 1990s this proportion could rise to a half to two thirds.

Labour market policy is intended to improve training and mobility and alleviate some of the worst effects of unemployment. Industrial policy consists of providing funds for research and development, export promotion and, increasingly, guarantees and subsidies to enable industry and agriculture to raise loans at interest below market rates.

The Government's policy has wide support, but serious doubts remain. Very high interest rates and the related problem of the budget deficit are serious causes for concern, while business is anything but confident that the Government can stimulate industrial investment and production.



Mr. Anker Joergenson: seeking external balance and full employment

THE DANISH Federation of Industries yesterday presented a seven-year plan for solving the country's balance of payments and unemploy*ment problems*

Main points include an agreement to keep wage increases about 5 percentage points lower than in Den*mark's main trading partners,* and substantial tax concessions for shareholders and companies.

A suspension of price controls, cuts in government spending, energy policy changes and reductions in unemployment benefits are also called for.

Mr. Erik Rasmussen, Federation chairman, said that if all the proposals were implemented the current account deficit (just under 4 per cent of GNP) could be eliminated by 1987 and industrial employment increased by about 15 per cent.

The Government increased taxes for the corporate sector by about DKr 3bn to DKr 4bn at the end of 1979, and although it has subsequently handed back DKr 1.2bn in amendments, which will come into force this year, business still feels the Government is generally unsympathetic to industry.

The scepticism of the business community is only increased by the Social Democratic intention to introduce compulsory profit-sharing for employees. The Government is expected to put forward a modified version of this during this spring's wages talks, although a Parliamentary majority for its proposals is in doubt.

Business in general feels that such ideas are barely compatible with the market economic system, and may do more to discourage industrial investment, which has fallen steadily in volume since 1973.

Denmark's high interest rates, designed to encourage private capital imports, may have something to do with this. "We are suffering death by in*terest rates,"* according to Mr. Erik Rasmussen, chairman of the Federation of Industries. Long and medium-term loans now carry effective interest rates of about 19 per cent, although the increasing subsidies reduce the burden. Companies also borrow heavily abroad at lower rates, but the Danish rates in part reflect expectations of Krone depreciation and thus the real cost of borrowing abroad.

The Government budget deficit in 1980 was about Kr 17bn (4.5 per cent of the Gross Domestic Product) and the gross borrowing requirement about DKr 43bn. In 1981, the *deficit before loan transactions* will rise to over DKr 21bn and the gross borrowing requirement to over DKr 50bn. The massive sales of Government paper needed to finance the debt are helping to maintain high interest rates and perpetuate a gross distortion against investment in shares, where average effective returns were 7 per cent in 1980. But another problem is looming.

Interest on the Government debt in 1980 was about DKr 10bn and high interest rates are pushing the figure up. "It is difficult to see how balance in Government finance *can ever be* regained," said Prof. P. Nyboe Andersen, a former Economy Minister and now chief general manager of Andelsbank. But without a cut in the budget deficit, a sustained reduction in inflation or the external deficit may also be difficult to achieve.

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# Japan crude oil imports fall 8.6%

BY RICHARD C. HANSON IN TOKYO

JAPAN'S crude oil imports, including oil products and liquefied petroleum gas (LPG), fell 8.6 per cent last year to 256.83 kilolitres, one of the biggest drops since the first oil crisis, according to the Ministry of International Trade and Industry.

The decline in oil imports was due to a combination of circumstances which are unlikely to be duplicated precisely this year.

Steep rises in the price of oil—which lifted the value of last year's imports by 63 per cent—reinforced government efforts to curb consumption.

A warm winter and cool summer also reduced demand, and the economy last year was led by industries with low energy consumption rates while higher demand sectors—such as aluminium and steel — were sluggish.

Last year, Japan avoided any serious supply problems, despite troubles with two major sources of supply, Iran and Iraq, partly as a result of having maintained high levels of stockpiles.

The cut-off of oil supplies from Iran and subsequently Iraq forced Japan to shift its sources of supply.

The Middle East as a whole provided 73.2 per cent of 1980's oil imports, down from 76.3 per cent in the previous year, but Japan became dependent on Saudi Arabia for 31.6 per cent of the imports compared with 28.4 per cent. The United Arab Emirates increased its share to 13.7 per cent from 10.1 per cent. Other non-Arab suppliers such as Mexico, came on stream, but quantities are still very limited.

One of the difficulties of diversification became evident last year when China revealed it would be unable to meet promised levels of shipments of crude to Japan.

The government has not yet presented its targets for oil imports this coming fiscal year. It has been reported, however, that MITI will set a goal of between 5.2 and 5.3m barrels per day compared with an estimate of something less than 5m b/d last year.

The original target for 1980 had been 5.4m b/d promised at the Tokyo summit two years ago, the 1981 target was 5.69m b/d.

MAIN SOURCES OF JAPAN'S OIL IMPORTS

| Area | 1980* | 1979* |
|---|---|---|
| Middle East: | 73.2 | 76.3 |
| Saudi Arabia | 31.6 | 28.4 |
| UAE | 13.7 | 10.1 |
| Iraq | 7.4 | 5.4 |
| Iran | 6.1 | 9.9 |
| Kuwait | 3.1 | 9.1 |
| Indonesia | 14.3 | 14.4 |
| China | 3.6 | 3.1 |
| Brunei | 3.2 | 3.4 |

* Percentages

# Rift opens at Islamic Conference

BY RICHARD JOHNS IN TAIF

A SHARP divergence of views emerged at the start of the Islamic Conference in Taif yesterday over the attitude Moslim leaders should take towards the Soviet invasion of Afghanistan.

King Khaled of Saudi Arbia set the tone of the continuing strong condemnation of the Soviet action by conservative Arab states. In his opening speech on Sunday, he denounced "Soviet colonialist aggression."

His remarks were evidently an attempt to pre-empt the conference from adopting the more conciliatory line favoured by Soviet supporters among the Moslim delegations — Syria, South Yemen and the Palestine Liberation Organisation.

Dr. Kurt Waldheim, the UN Secretary General, who arrived on Sunday, was unable to give delegates much encouragement over the possibility of talks between Pakistan, Iran and Mr. Babrak Karmal's ruling People's Democratic Party of Afghanistan.

In response to an initiative by Pakistan, Dr. Waldheim has been attempting to instigate talks involving a UN emissary between the three neighbouring states.

The Pakistan Government had written to Dr. Waldheim proposing the talks after it had understood from Moscow that Afghanistan was not insisting on recognition of the Babrak Karmal regime as a condition of negotiations.

Dr. Waldheim's talks in New York as well as Indian soundings in Tehran and Kabul do not appear to have revealed any change in the Afghan position. This is based on its offer of government-to-government bi-lateral talks with Pakistan and Iran.

Dr. Waldheim was more positively forthcoming about UN efforts at mediation between Iraq and Iran. Referring to the mission of his representative Mr. Olaf Palme, former Swedish premier, the Secretary General conveyed some optimism.

"There seems to be a measure of agreement about what could be the possible elements of a comprehensive settlement safeguarding the legitimate rights of the two parties and ensuring harmonious relations between them in the future," he said.

# Chinese prepare for more trials

By Tony Walker in Peking

**AS JIANG QING, Mao Tse Tung's widow, began serving her suspended death sentence, Chinese authorities yesterday signalled that prosecutions of the Gang of Four's radical supporters would follow.**

**People's Daily, the Communist Party newspaper, in a front-page commentary said the verdict in the trial was "beneficial" to dealing with supporters of Madame Mao.**

**It said the sentences against the Gang of Four would help "break up" their remaining influence, "prompting more people to confess their crimes, reform and start afresh."**

**At the same time, there there have been indications that the Chinese are unhappy at the failure of the bench to order the execution of Mao's widow, but there has been no report of public displays of dissatisfaction.**

**In the reporting of the judgment by the party-controlled Press, no indication was *given of* why Madame Mao received a lesser penalty.**

**Chinese newspapers yesterday emphasised what was described as the "just" nature of the verdict. This was the theme of the commentary in the *People's Daily*.**

**According to some reports, as many as 60 immediate followers of the Gang of Four will soon go on trial. This group may include Mao Yuanxin, the 40-year-old nephew of the late chairman.**

**Mao's nephew could be implicated in the murder in Liaoning province—where he was a senior party official—of Zhang Zixin, a party propaganda worker.**

LIMANN RELAXES HIS GRIP ON TRADE

# Ghana catches a glimpse of relief

BY PATTI WALDMEIR IN ACCRA

THE PILES of tinned sardines, mackerel, and milk in Accra's "Makola" *market may seem to* promise relief for import-starved Ghanaians. But for Ghanaian workers, who earn Cedis 12 a day (£1.80), the newly flourishing market has merely reduced the value of a day's labour to the equivalent of a quarter pound of British margarine or a 40-watt light bulb.

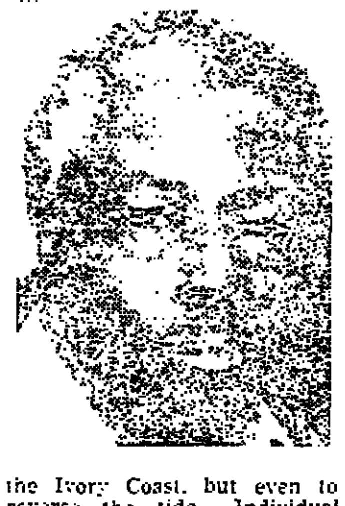
Chronic shortages became a fact of life in Ghana after President Hilla Limann's 15-month-old Government decided to "live within its means." Import licences were issued strictly on the basis of available foreign exchange, while quotas for industry, mining and agriculture left little for consumer goods. Shortages were worsened by the practice of illegally "re-exporting" Ghana's imports on arrival to more lucrative markets in the hard currency areas across the borders.

Leakage of such imports as outboard motors and insecticides, designed to increase domestic food production, further depressed supply.

Just before Christmas supplies began to improve, as tentative trade liberalisation was announced. Ghanaians holding private foreign exchange were to be allowed to import certain goods without recourse to the central bank.

Traders appear to have seen this decision, coupled with lax enforcement of price controls, as a genuine step towards freeing the market. They reacted by bringing out hoarded stocks.

Some goods are sold in limited quantities at artificially low government - controlled prices. But prices elsewhere have been allowed to rise to reflect full scarcity value. Higher prices have, in turn, provided an incentive not only to stem the outward flow of Ghana's imports to Togo and the Ivory Coast, but even to reverse the tide. Individual traders have begun to make more frequent illegal shopping expeditions to neighbouring Lomé, the Togo capital on the Ghana border, and it has become more profitable to smuggle goods into Ghana, rather than vice versa.



After President Hilla Limann, left, decided that Ghana would have to "live within its means," acute shortages became a fact of life in Ghana. Now imported commodities are appearing again, although at five to 10 times the Government-controlled price.

Traders in basic commodities will certainly benefit from *liberalisation — but none so* much as those who trade in Ghana's most "essential" commodity: foreign exchange. Sterling already sells for Cedis 50 to 55 to the pound on the black market. The official rate is Cedis 6.51. Increased *demand for foreign exchange* stimulated by the new import regulations will drive the price even higher.

Overvaluation of the Cedi makes smuggling of Ghana's main foreign exchange earners —cocoa, gold and timber— immensely profitable. Producer prices for these commodities reflect the official rate of exchange, and are in real terms very low. The incentive to sell across the border for CFA Francs, which can be converted to Cedis at the black market rate, is obviously very strong.

A headload of cocoa, for example, which sells for only *Cedis 120 in Ghana, fetches as* much as Cedis 960 in neighbouring Ivory Coast.

An estimated 40,000 to 50,000 tonnes of cocoa, roughly 15 per cent of last year's crop, bypasses the official market each year. This represents an annual loss in foreign exchange of between £40m and £50m, nearly 15 per cent of last year's total import bill.

Any drop in export earnings will make it difficult for the Limann Government to maintain its favourable record of debt repayment. Ghana's external credit rating has improved considerably in the past year, because of the Government's policy of channelling foreign exchange into repaying short-term arrears rather than spending it on imports. Nevertheless, the backlog of external payments is considerable.

The inflated value of the Cedi also acts indirectly to deepen Ghana's chronic budget deficits. By making imports relatively cheap, the Government effectively subsidises the black marketeers, who retail the goods *at a tremendous profit. The* considerable loss in taxes contributes to budget difficulties. The deficit for 1980-81, originally projected at Cedis 1.6m, was later revised upwards to nearly twice that figure, after the announcement of a 200 per cent increase in the minimum wage. Although increased taxes on beer and petrol will finance part of the deficit, the rest will come, as in the past, from borrowing from the central bank. This, in turn, could reverse the declining trend in inflation, down from 116.5 per cent in 1977 to 29.6 per cent for August, 1979, to August, 1980.

Lack of foreign exchange to pay for imported spares and machinery has kept Ghanaian industry working at only 25-30 per cent of capacity. Overvaluation of the Cedi has led to resources being allocated to distributive rather than productive activity. It is much more profitable to trade on the black market than to produce practically anything in Ghana, which led to an estimated 8 per cent decline in gross national product in 1979.

Ghana's leading economists seem to agree that liberalisation is the only answer for the country's daunting economic woes.

According to Mr. Kwame Pianim, the economist who was formerly head of the Ghana Cocoa Marketing Board, Ghana has no choice but to liberalise.

Complete liberalisation would require that every price which faces any individual be made to reflect the scarcity of foreign exchange.

But devaluation is a touchy subject. "Once burned, twice shy," says Dr. George Benneh, the Finance Minister. Almost every recent devaluation has been followed by a military coup.

# Nigeria and France in talks on Chad

By David White in Paris

DISCUSSIONS taking place here this week with Mr. Ishaya Audu, Nigeria's Foreign Minister, will have an important bearing on France's efforts to promote a consensus among black African states in response to Libya's intervention in Chad.

Nigeria played an influential role in a meeting in Lome earlier this month, when 12 members of a special Organisation of African Unity committee condemned the Libya-Chad "merger" and proposed free elections in the former French colony.

Just before Mr. Audu's meeting with President Giscard *d'Estaing yesterday afternoon*, the French Foreign Ministry attacked Libya for using "diversion tactics" in accusing France of carrying out military manoeuvres.

# Boost for Israeli plans to step up settlement drive

BY DAVID LENNON IN TEL AVIV

ISRAELI PLANS to step up its settlement drive on the occupied West Bank received a boost yesterday when the Knesset Foreign Affairs and Defence Committee rejected an appeal against three proposed settlements which had been lodged by Prof. Yigael Yadin, the Deputy Prime Minister.

In addition, the Israeli military government has expropriated more West Bank land for the settlements, and closed off possibly thousands of acres to prevent the local Palestinians building housing near the main roads, settlements and army camps.

Prof. Yadin, whose small democratic movement has been the least enthusiastic of the coalition parties on the settlement issue, argued that the proposed settlements had no security value.

This was rejected by the majority of the committee, including three of the opposition Labour Party members who favour expanding the network.

Israeli settlers who took over a hilltop near Jerusalem on Sunday ignored demands by Mr. David Levy, the Housing Minister, that they end their illegal squat.

This caused a major row in the ruling Likud bloc which is divided over the issue. Mr. Ariel Sharon, Agriculture Minister, supported the settlers against the Housing Minister's demand.

Meanwhile, four construction companies have agreed to build 200 permanent homes for settlers at Efrat, near Bethlehem, which is planned for development into a town of 5,000 housing units. Work will start in a month and be completed in 18 months.

# Hong Kong has record trade deficit

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG had a record trade deficit of more than HK$13.4bn (£1.1bn) last year.

The deteriorating trade performance is likely to mean that real economic growth this year will slip into single figures and unemployment will rise as the tiny British-run territory finds it difficult to win markets.

Provisional figures show that *Hong Kong's* imports rose by more than 30 per cent to HK$111.68bn in 1980 while exports grew by just over 29 per cent to HK$98.26bn.

The 1980 deficit compares with a deficit in 1979 of just over HK$9.9bn. The growth in exports last year was almost in line with official predictions.

In the last quarter of the year the rate of growth of both exports and imports slowed.

# WORLD TRADE NEWS

## Moscow faces higher goods price in place of cheap Bonn credit

BY STEWART FLEMING IN FRANKFURT

FURTHER TALKS are under way in West Germany this week in an effort to reach agreement on the terms of a DM 10 bn (£2.07bn) credit to finance the German portion of the multi-billion dollar project for the import of gas from the Soviet Union.

*After meetings last week* German banks participating in the financing proposals are believed to have moved towards establishing an interest rate of 7.75 per cent for the Russians on the credit, although apparently not without considerable difficulty. It is still not clear whether all the banks will be willing to participate as fully as expected in the financing at this interest rate.

The financing of the project is much more complex than the nominal interest rate on the Russian loan implies, however. It is suggested in some banking circles that as a result of the low interest rate, the Russians will have to pay more for the equipment they are purchasing (for example pipework) for the 5,000 kilometre pipeline extending from Western Siberia to Western Europe.

The banks will, thus, through the German manufacturing companies supplying equipment, in some way be recompensed for the relatively cheap finance they are providing. *How precisely* this will be accomplished is unclear. There are suggestions, however, that some of the suppliers, which include Mannesmann-Demag, the pipe manufacturer, and AEG the electrical equipment giant, are expecting to have to change the provisional terms of their contracts in order to improve their rate of return.

For the manufacturing companies, with the West German economy weakening, business that will serve the purpose of keeping production levels up is clearly attractive. The banks, on the other hand, are suffering from poor profitability and pressure on capital ratios in some cases, are much more profit conscious than even a year ago.

## Hong Kong clothes for Harrods

By Kevin Rafferty in Hong Kong

A TEAM of senior fashion buyers from Harrods said yesterday that Hong Kong will become an important market for Harrods purchases of high fashion garments. Until now, the store's direct buying has been largely limited to Europe and the U.S.

Mr. John Cranwell-Ward, merchandise manager in the fashion division, said: "We have come to the conclusion that this is going to be a major market for Harrods." He declined to give a figure for Harrods' purchases from Hong Kong, but said they could add 10 per cent to the store's turnover.

He added that the decision "could put Hong Kong on the international fashion map at the top end."

Among the clothes which caught the buyers' eyes were denim garments with lurex thread running through them and embroidered silk dresses and shirts.

Hong Kong officials are delighted with the pospects of purchases by Harrods which they see as confirming the territory's move up market. They resent the idea that Hong Kong produces only cheap or sweat-shop products. In addition, they note, there are no quotas on silk garments and it is easier to sell quality garments as "you cannot put quotas on good taste."

In April, Hong Kong is scheduled to take a big bow on the international fashion scene when the territory takes a prominent site at the Paris international pret-a-porter show.

## UK seeks action on cheap textiles

BY JOHN WYLES IN BRUSSELS

AN UNUSUAL JOINT delegation of management and unions from the British clothing industry yesterday demanded tougher action from the European Commission against cut *price imports from the Third* World and the U.S.

With the industry having lost 40,000 jobs or 12 per cent of its total workforce last year, Mr. Alec Smith, general secretary of the National Union of Tailors and Garment Workers warned that another 20,000 might be at risk this year because of import penetration.

Sitting alongside representatives of the British Clothing Industry Association (BCIA), Mr. Smith and his colleagues were patently dissatisfied with the way in which the Commis*sion has operated the Multifibre* Arrangement (MFA) — the GATT agreement covering textile and clothing trade between the developed and developing world. Their complaints were hammered home during five hours of talks with Commission officials whose reaction, said Mr. Smith, had been "as cold as their coffee."

Mr. Gerald French, director of the BCIA, obviously thought this a little harsh and claimed that the lengthy audience that officials had granted the management and union team could *well bring useful change.* He said that too often the industry's complaints had fallen between "too many stools" with neither the British Government nor the EEC Council of Ministers taking effective action.

With the current MFA expiring at the end of this year, the delegation, which represented the largest national clothing industry in the EEC, stressed that any new arrangement might have to be more restrictive against imports from the Third World because of the large market share which had been captured by American producers.

The EEC is due to have talks with the U.S. Government next week over continuing complaints that cheap energy prices in the U.S. are giving its clothing textile and chemical producers an unfair competitive advantage in EEC markets.

## Israel takes up El Al's 767 options

By L. Daniel in Tel Aviv

THE ISRAELI Government will take up the options which El Al, the national airline, had for four Boeing 767s and is also proposing to buy two Boeing 737s on behalf of the airline.

Boeing has agreed to transfer the option from El Al to the Government, which will have to sign the actual agreement by February 1. The four 767s, together with three spare engines, will cost $220m (£95m). Delivery is scheduled for the end of 1983.

The move is part of a retrenchment programme, designed to pare El Al's annual loss of $100m.

● Charter flights to Israel increased by 58 per cent in 1980, when the total number of tourists, (other than visitors from the Arab countries to the West Bank and Gaza) reached 1.17m. Over two-thirds of them came from Europe, with Germany the leading country of origin, followed closely by Britain and France. This is a reversal of the pattern of the *early 1970s when Americans* constituted the bulk of visitors. Income from tourism was $950m with the 1981 figure seen as $1.2bn.

● Viacao Abrea Sao Paulo (VASP) Brazilian airlines has ordered three Airbus A-300 wide-body jetliners, Reuter reports from Paris. VASP is the third Brazilian airline to buy *the $40m Airbus after Cruzeiro* do Sul and Varig Airlines. The A-300B2 jetliners will be delivered and introduced into service at the end of 1982.

## Brazil leader to promote closer ties at Paris talks

BY RIK TURNER IN SAO PAULO

*PRESIDENT Joao Figueiredo is* to arrive in Paris Wednesday for his first state visit outside South America since taking office in March, 1979. Along with a meeting with President Giscard d'Estaing to discuss the world situation, the Brazilian President will promote closer economic ties between the two countries, particularly in the field of energy.

The visit follows others made by Sr. Delfim Netto, the Brazilian Planning Minister, who visited Paris at the end of October, and by Mr. Michel Cointat, the French Foreign Trade Minister to Brazil last month.

President Figuerido's is expected to sign an agreement for French co-operation in the construction of five thermo-electric power stations to be installed in the states of Santa Catarina and Rio Grande do Sul. The technology will be provided by Alsthom-Atlantique.

*The installation of the power* stations is to take place over a 10 year period with the percentage of components produced in Brazil programmed to increase from an initial 55 per cent to 100 per cent.

Brazil also is ready to order a new airport flight control called Dacta-2. An earlier French system, Sysdacta, has been in operation in Brazil since 1973, and the new contract will entail $150m in imported equipment from France. The total cost of the contract will be $800m.

To buy equipment Brazil will receive $600m in suppliers' credits from a group of French banks.

A question to be discussed by the two presidents during the visit is the interest already shown by France *in participating* in the Brazilian alcohol programme, which produces ethanol from sugar-cane to be used as a petrol substitute.

## Moroccans commission French nuclear study

BY TERRY DODSWORTH IN PARIS

THE MOROCCAN Government has commissioned a feasibility study for a nuclear power station to be undertaken by Framatome, the French company which only last week ended its licensing agreement with Westinghouse of the U.S.

The agreement, announced at the end of a visit to Morocco by M. Raymond Barre, the French Prime Minister, comes only a few months after a similar deal was concluded in Finland. It forms party of a wider attempt to develop a Moroccan nuclear industry based on extracting uranium from some of the country's extensive phosphate deposits.

French interests are also to play a leading role in the development of the uranium *industry, which will be based* on a plant to be built by Cogema, the nationalised French nuclear fuel concern. This project is linked to a FFrs 26bn (£2.4bn) plan to expand the phosphate mining industry in Morocco over the next five years.

Even if the nuclear power station's study reaches a favourable conclusion, however, it is not expected to lead to construction until the early 1990s. In the meantime, the Moroccans and French are co-operating on various other energy projects. These include French help on the building of a conventional 1,000 MW power station using Morocco's extensive reserves of bituminous shale and new oil exploration licences for Elf Aquitaine and CFP, the two French oil companies.

The nuclear study contract comes as Framatome is looking increasingly to overseas mar*kets to take up the slack in* its capacity expected to develop in about 10 years' time as the French nuclear programme diminishes.

## Trenchard mission seeks Malaysia defence deals

BY WONG SULONG IN KUALA LUMPUR

LORD TRENCHARD, Britain's Minister of State for Defence, has arrived in Kuala Lumpur, heading a high level mission to lobby for Malaysian military contracts, worth several billion dollars.

The mission's members include Sir Ronald Ellis, head of Britain's defence sales staff, and several senior military officers.

*Their visit follows by a week* a delegation from the British Defence Manufacturers' Association and underlines the strong British interest in the prospect of arms sales arising from the rapid expansion of Malaysia's defence forces.

Last week, Britain signed an agreement in Kuala Lumpur providing Malaysia with £77m in soft loans, part of which could be used for British defence equipment.

During his two days in Malaysia, he will meet Mr. Datuk Hussein Onn, the Prime Minister.

The rapid expansion of Malaysia's armed forces is aimed at reorientating them to fight a major conventional war as opposed to combatting guerrillas.

For this purpose, the expenditure on defence development for this year was doubled to $900m.



THE PROTECTIONIST LOBBY

## France wavers under pressure for import controls

While M. Raymond Barre (right) has tried to instil free market habits, recourse to some form of import barrier is bound to surface in the run-up to the presidential election, especially as polls show protectionism has more supporters than opponents. **David White** reports from Paris.

OLD INSTINCTS—and in France, protectionism of one sort or another is one of them —do not die. They may not even fade away, or at least it will take longer for them to do so than the four years or so *during which M. Raymond* Barre as Prime Minister has tried to instil competitive free market habits.

"We must," he told a business symposium a few weeks ago, avoid any automatic reflex of withdrawing into our shells such as we are seeing now in the face of the dynamism of Japanese exports in certain sectors."

His lecture, coming at a time when the French motor industry, the country's boast, was in its turn beginning to suffer heavily from Japanese competition in its main export markets, did not go down too well, apparently.

"You can't make industry competitive just by decree," grumbled one of his listeners.

It seemed a rather different M. Barre who addressed a tense meeting of a Franco-Japanese commission a week later. "We must," he said, "look for a system of ordered trading and allow for indispensable periods of transition, without which the need to resort to protectionist measures will become irresistible."

The change in the tone of M. Barre, who has fought a long crusade to make French business more competitive both internally and internationally, is a clue to the strength and impact of industry pressures for limits on selected imports, not only from Japan, but, according to the case, from the U.S., the Communist bloc, the Third World or southern Europe.

*Protectionism itself is a taboo* word. But the recourse to some form of import barrier has wide popular and political appeal, which is bound to come more to the surface during the run-up to the presidential election.

First in line are the Communists, who dominate the largest trade union federation, the CGT. M. Georges Marchais, *the party leader and its candi*date in April, has included in his platform a blanket proposal "when it is necessary, to establish protective mechanisms in order to develop our strengths."

The Gaullist party, the largest in parliament, is, like the Communists, committed to a national growth drive which would cause further trade balance problems. M. Jacques Chirac, who is almost certain to be its candidate, has suggested that the country could avoid a permanent structural deficit by giving export incentives and erecting barriers against "excessive" imports.

The Socialists, the main potential challengers to M. Giscard d'Estaing, subscribe to a more *internationalist* view. But some Socialist politicians have been tempted by the "protectionist scheming" abhorred by the party chief, M. Francois Mitterand.

M. Georges Sarre, a Euro-MP, has called this month for the setting up of a new body to co-ordinate the French motor industry and press for an import quota system to defend the EEC market.

And not all President Giscard d'Estaing's own allies are wholly on the side of M. Barre. M. Michel Poniatowski, former Interior Minister and one of the President's closest collaborators, who chaired last month's Franco-Japanese meeting, has said that temporary protection measures are needed in order to give France two or three years to modernise its production.

An opinion poll commissioned by the business magazine L'Expansion has found that in most categories of society protectionism has more supporters than opponents. Almost half the industrial workers, farmers and small tradesmen questioned were in favour of closing frontiers. The only category in which a decisive majority thought that this was not an effective way of dealing with the economic crisis was that of industrialists and large tradesmen. But even then, more than a quarter were in favour.

At the Patronat, the country's employers' federation, a study on foreign market penetration *was started* over three years ago. The organisation is now trying to put together a policy on the basis of its conclusions. It is its first attempt to draw up a position on the subject. "Unfortunately," a Patronat representative said, "it is likely to be a little nationalistic."

But its research has high*lighted the complexities* of the industries involved as well as rapid changes in trading patterns and conditions. According to the Patronat, the call for overall protection measures has been much less strong than it would have been five or 10 years ago. The position is finely differentiated between sectors, and the worst-hit of these are pressing for a breathing-space rather than permanent restrictions.

Like M. Chirac, the Patronat favours bureaucratic rather than other kinds of barriers. The French are already often accused of indulging in obstructive customs practices, but the Patronat view is that West Germany is well ahead in knowing how to use technical norms to regulate imports.

Joint EEC measures are seen as the only really effective answer in the critical cases. But disappointment with the community's efforts so far has led French industry to press for national measures.

The protection lobby has been greatly strengthened by a sharp setback in the car industry's hitherto remarkable performance *in the past few months.* Japanese imports have so far taken only a relatively paltry part of the French market—3 per cent—but import figures for October showed a 42 per cent increase in the number of Japanese cars coming in compared with a year earlier, and the impact on France's European export market has been *considerable.*

The attention drawn by the car producers has aroused other industries which consider themselves worse hit. The textile industry has lost half the domestic market to imports — compared with 24 per cent for cars. The industry union is calling for measures to bring the rate down to between 30 and 37 per cent, *the level* imports ran at up to 1975.

Recently reviewing his record in office, M. Barre reminded a business conference that "the Government, for its part, will abandon neither its credit policy, nor its budget policy, nor its policy on the stability of the franc—and it will not resort to protectionism."

But he can speak only for the period up to the presidential election. What will happen after that, even if the President is re-elected, is much less certain.

# Bipartisan call for Reagan to hold down spending

BY DAVID BUCHAN IN WASHINGTON

BUDGET committee chairmen of both political parties on Capitol Hill joined yesterday in calling for a long-term programme to match federal tax cuts with public spending restraint.

The call, by Democratic Congressman James Jones and Republican Senator Pete Domenici, indicated a receptive climate for the budget package, wrapping together tax and spending cuts, which President Ronald Reagan is due to send to Congress by mid-February.

In the immediate term, however, Mr. Reagan has started in a meeting last Friday with Mr. Paul Volcker, chairman of the Federal Reserve Board, to try to co-ordinate anti-inflation policy with the central bank.

The meeting was pronounced a success, but both men have indicated reservations about the other's policies. During the election campaign, Mr. Reagan complained that fluctuations in the money supply and interest rates had not given the U.S. a sound, stable and predictable monetary policy. Mr. Volcker has warned that Mr. Reagan's planned tax cuts could fuel inflation unless matched in size and timing with public spending reductions.

Like every President, Mr. Reagan will have to tread warily around the constitutional autonomy of the Fed, and the new President took the opportunity to reaffirm his "strong commitment to the independence of the Federal Reserve system," according to Mr. Murray Weidenbaum, head of the Reagan Council of Economic Advisers, who attended the meeting.

But the Fed's independence has never inhibited Congress from taking a shy at the central bank, and a new study by the House Banking Committee has criticised the Fed's lax control over the money supply as the impelling force in persistent U.S. inflation since the mid-1960s.

Mr. Parren Mitchell, who heads the monetary policy subcommittee in the lower house, said that, notwithstanding external shocks to the U.S. economy such as oil price rises by the Organisation of Petroleum Exporting Countries, the most continuous source of inflation was over-fast expansion in money supply and credit.

He urged that money growth be brought down to 2-3 per cent a year and kept there. At present the Fed's targets are higher than this and its week-to-week money figures have fluctuated sharply, although the central bank claims that on a yearly basis it has been very close to its targets.

Congressman Mitchell said there should not have to be any choice in monetary policy between inflation and unemployment, or between high and low interest rates. Rather the poor should be protected from the impact of tighter credit policy by Government fiscal policy. That, however, seems unlikely to happen with Mr. Reagan's intended domestic spending cuts.

# Managua 'aid for Salvador rebels' worries U.S.

BY OUR WASHINGTON CORRESPONDENT

THE U.S. is deeply concerned at reports that Nicaragua is sheltering and supplying the left-wing guerrillas in the El Salvador civil war, State department officials said yesterday. Firm evidence of Nicaraguan involvement would lead the U.S. to cut off remaining economic aid to the government in Managua.

Before President Ronald Reagan took office last week a congressionally-ordered review of aid to Nicaragua was already in train. Congress last year approved $75m (£31m) in aid—some $60m of this has been paid out so far—on condition that the U.S. Administration could certify that Nicaragua was not helping international terrorism.

Cutting off aid to Nicaragua would be a first step in accord with President Reagan's declared intention of adopting a more right-wing and anti-Marxist policy towards central America. Mr. Reagan strongly opposed U.S. aid to Nicaragua, even though 60 per cent of this was channelled to the private sector and only 40 per cent directly to the Sandinista Government.

However, it is still premature, officials say, to talk of a turnround in policy towards central America by the Reagan Administration, partly because no formal decision has been made to sever aid to Nicaragua, and partly because Mr. Reagan has yet to name an Assistant Secretary of State for Latin American affairs. Among conservative contenders mentioned for this post are former Senator Richard Stone, Mr. James Theberge, and on the extreme Right, Mr. John Carbaugh, an aide to Senator Jesse Helms.

Already in the last days of Mr. Jimmy Carter's presidency the U.S. was moving in a more conservative direction, with the resumption of both military and economic aid to the ruling junta in El Salvador. This will total some $84m, a quarter of it military, in the year ending October 1.

# Cabinet nominees shed their financial holdings

WASHINGTON — Twelve of Mr. Reagan's 17 Cabinet-level appointees are having to divest themselves of certain financial interests or make other arrangements to comply with U.S. laws on conflict-of-interest.

At least three of the most wealthy, Mr. William French Smith, the Attorney-General, Mr. Donald Regan, the Treasury Secretary, and Mr. William Brock, the Trade Representative, plan to create trusts for their securities and other financial holdings. All are obliged to disqualify themselves from taking part in public decisions which could conflict with their personal interests.

Ways in which incoming officials are insulating themselves against past financial and business interests have been outlined in letters sent by Mr. J. Jackson Walter, Director of the Office of Government Ethics, to Senate committees considering the nominations.

# Supreme Court permits TV coverage of trials

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE Supreme Court ruled *unanimously yesterday* that there was no constitutional barrier to states' authorising live television coverage of trials in state courts.

The court rejected an appeal by two former Miami Beach policemen, convicted of robbery, who claimed that the presence of television cameras in the court denied them a fair trial.

Florida, where the case was tried, and at least 20 other states have begun experimenting with cameras in court. The rules and practices governing television coverage vary enormously. In some, for example, it is not permitted if the prosecution, defence of even a witness objects.

The Supreme Court's only previous verdict on the issue dates back to 1965 when it overruled the conviction of Mr. Billie Sol Estes on the grounds that television coverage of his trial in Texas had brought about a "circus-like" atmosphere in which fairness was impossible to achieve.

But in yesterday's ruling, Chief Justice Warren Burger observed that television technology was then in relative infancy. Now cameras and lighting requirements were much less intrusive, eliminating what he described as "negative factors."

The ruling, which does not apply to federal courts, did not specifically endorse the way in which Florida, or any other state, provides for television coverage. It said, in essence, that this was a matter for the states to determine since no constitutional factor, over which the Supreme Court had authority, was involved.

The ruling is bound to advance debate on the role of live television in institutional proceedings. Senator Howard Baker, the majority leader, has promised to introduce a Bill permitting live coverage of Senate debates.

The House of Representatives already does so, but under strictly controlled circumstances. Cameras may only focus on whoever is speaking at any moment. They may not pan around the chamber, revealing, of course, that most Congressmen are either absent (on proper business such as hearings) or paying no attention

In the legal system, the arguments against the use of television are strong. Some prosecutors are known to believe that it will inhibit some witnesses from co-operating, or that it will place a premium on the services of visually effective lawyers to whom style is more important than substance.

**Nicki Kelly** in Nassau examines economic difficulties threatening the Bahamas

# Pindling's land policy deters investment

MR. LYNDEN PINDLINGS'S Government in the Bahamas, the island group strung from the east coast of Florida to the southern tip of Cuba, faces unpopularity both at home and abroad.

A Bill now before Parliament would make it impossible for foreigners to buy or inherit land in the Bahamas without government approval. The move is intended to curb land speculation, but its critics, who include leading members of Mr. Pindling's party, the Progressive Liberals, fear the restrictions will stunt economic growth at a time when unemployment, inflation, and a slowdown in the tourist industry are putting new pressures on the country's limited resources.

Domestic controversy has further been stirred by the Government's proposal to remove the rights of certain categories of people, such as children born in the Bahamas or the children of Bahamians born elsewhere, to acquire Bahamian citizenship.

These rights were entrenched in the constitution bequeathed to the islands on their independence from Britain in 1973. With 31 of the 38 seats in Parliament, the Government easily won the two-thirds majority necessary to put the proposed amendments to a referendum. But widespread opposition to the plan means there is a strong possibility that it will be defeated when it is put to the vote later this year.

A referendum defeat would be ominous for the Progressive Liberal Party, which has been in power for 14 years, as a general election is also due within the next 16 months.

The Bahamas have attracted holidaymakers since George Washington's brother visited them for his health more than 200 years ago. Most of the visitors have been from the neighbouring U.S. In the process they have invested millions of dollars, nearly all of it in resort accommodation. U.S. investment alone is estimated at $1.5bn (£625m), with a further $350m held by Britons, Canadians and Germans.

The new legislation would require all property purchases by foreigners and foreign-owned companies to be approved by an investment Board headed by Mr. Pindling.

The policy of screening real estate purchases by non-Bahamians has been in effect unofficially for more than a year. The full scope of the Government's intentions became apparent, however, only when the enabling legislation was introduced last month.

Besides approval to buy in the first instance, a foreigner would also need Government consent to retain Bahamian property acquired through inheritance, court order, mortgage or other means. Refusal would mean having to sell within three years unless granted an extension, or having to pay an annual 10 per cent tax on the rated value

Mr. Pindling: facing a tourism slump

Although the Bill promises special consideration for industrial, banking or tourist projects, the negative impact of the land policy has become increasingly evident since it was first announced in September, 1979.

Recent Central Bank figures show a $7.4m deficit on capital account during the first half of 1980 compared with a $6.9m surplus during the comparable period of 1979. The bank blamed the drop on the sale by foreigners of their Bahamian holdings and a slowdown in incoming investment.

What seems to be emerging is a repetition of the 1967-77 cycle when increased Government control and a worldwide recession combined to throttle economic growth for more than five years.

The Government was forced at that time to modify its position because of a rapid increase in unemployment. The recent *policy switch has once more hit* hardest in the less developed outer islands, where foreign residents provide the major source of employment.

Finding jobs for a population that is growing at an annual rate of almost 3.7 per cent a year has been among the major problems facing the Progressive Liberals since they took office.

Resentment is being vented against the large number of Haitian immigrants packed into Nassau's poor "over-the-hill" section, who have a higher birth rate than the population as a whole.

Although more than 20 years old, the problem has grown in recent years as conditions have worsened in Haiti. The Government estimates that between 20,000 and 40,000 Haitians are living in the Bahamas illegally, alarming for a nation of less than ¼m people.

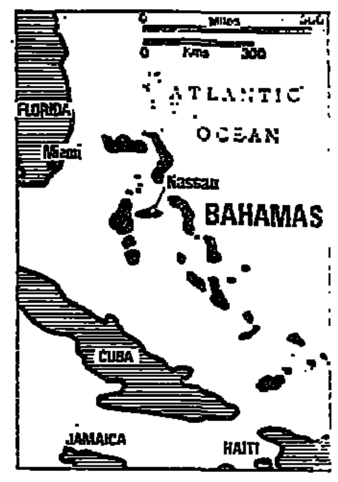
Although exact figures are not available, the Government estimates that while the national unemployment average may be between 12 and 13 per cent, the figures for young people between 16 and 25 is as much as 28 to 30 per cent.

Mr. Clement Maynard, Minister of Labour, has said that 4,000 to 5,000 new jobs are needed annually to achieve any appreciable reduction in unemployment. For obvious reasons the Government has looked to the country's highly successful tourist industry to answer the country's job needs.

Tourism, which accounts for about 70 per cent of the country's $1bn gross national product, produced some $600m in foreign exchange earnings last year, but import demand, including a $130m oil bill, accounted for almost equivalent expenditure.

Now there are signs the tourist industry may be headed for another slump. Air arrivals in Nassau, the most popular destination, have declined steadily since mid-1980, dropping an average of 8.2 per cent between July and November.

Increased competition and the U.S. recession are partly to blame but visitor disatisfaction is also a factor. The rash of bad publicity resulting from the disappearance last summer of a U.S. couple while cruising aboard their yacht in Bahamian waters has not helped. From the evidence of their blood-spattered boat it is assumed they were murdered by drug-smugglers.




Stories by other yachtsmen claiming to have been fired on or forcefully boarded and robbed by unidentified Bahamians has further tarnished the country's image.

Drug-running to the U.S. has become an important industry, ranking closely behind tourism and banking. Foreign drug dealers, aided by Bahamians, appear to operate with little interference throughout the islands and are blamed for the large amounts of illegal arms being introduced

The undermanned and under-equipped police force has been stretched beyond its ability to handle the enormous increase in drug-related and other crimes.

The Government admits that the drug problem poses a major threat to national security, involving as it does large numbers of unemployed young people. Why, therefore, it should seek to cut off bona fide investment with its land policy at this time remains a puzzle.

## UK NEWS

# Rolls expected to halve loss

MY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the state-owned aero-engine manufacturer, was "halfway back to profitability" in 1980, Lord McFadzean, chairman, said yesterday.

The detailed financial results for 1980 are expected to be available in the Spring, but the company believes that as a result of the improvement in its financial performance last year it is "on track" for profits this year.

In 1979, the company had a net loss of £63m. Lord McFadzean revealed no figures but it is understood the 1980 net loss is likely to be about half that of 1979, and the company is confident of sustaining the improvement this year.

Lord MacFadzean was commenting on current trends in world aero-engine business, and on recent decisions by major U.S. airlines, such as Delta and American, to buy the rival Pratt and Whitney PW-2037 engine instead of the Rolls-Royce RB-211 Dash 535.

"We always knew we would have competition for the Dash 535," he said, "especially in the Boeing 757 airliner. We are in for a very rough time in world markets in the year ahead.

"We are as well prepared technically to meet the competition as we have ever been, and we should not let ourselves be unduly frightened by the extravagant claims made by the competition."

Rolls-Royce estimates its world-wide market for civil engines through the rest of this century at upwards of £5bn, and is pushing ahead with new versions of the RB-211 to meet foreseeable demand.

But to meet this market, the company needed to get its costs down and productivity up. Last year, sales were up by 50 per cent, and output of RB-211 engines doubled. A further improvement in sales and output was planned for the current year.

As part of its campaign to improve productivity, the company imposed tough pay limits on workers—7½ per cent in return for a similar increase in productivity. It was slimming the labour force this year by about 2,000—through natural wastage—from the current level of about 62,000 workers.

Natural wastage amounted to about 4 per cent of the labour force a year, so the company saw no need for enforced redundancies.

Rolls-Royce was also getting tougher with its suppliers. About 70 per cent of parts came from outside contractors, and the company had up to a dozen teams moving round the country trying to convince them of the need to get their own costs down and productivity up.

Rolls-Royce had made it clear that it would not allow its contractors to pass on to it all their own increases in costs, and had put a limit of 3 per cent on the increased costs it would bear. Any increases beyond that the suppliers would have to meet themselves from their improved cost control and higher productivity.

Rolls-Royce's own overall productivity had improved by over 25 per cent since 1978, and was still improving in 1981. It aimed to match U.S. productivity levels in aero-engine manufacture by 1984.

The company was well ahead in development of the Dash 535 version of the RB-211 engine, and was planning to deliver the first engine for test flying in a Boeing 747 in March.

# Wood appointment brings merger nearer for NEB

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CHANCES of the National Enterprise Board surviving as a self-contained State holding company for industry were further diminished yesterday when Sir Keith Joseph, Industry Secretary, agreed that a merger with the National Research Development Corporation was "a possibility" during the next two years.

This follows the appointment of Sir Frederick Wood, aged 54, to the chairmanship of the NEB. Sir Frederick is already chairman of the NRDC and has said he will consider whether a merger is advisable.

The two organisations are immediately to work more closely on providing venture capital for technological projects and small companies.

Sir Frederick's appointment on a three-year contract was confirmed yesterday by Sir Keith.

He said there was no "immediate change of functions" planned, but later added: "It is for discussion whether they might or might not be unified without hitting the NRDC's patent work. A merger is a possibility over the next couple of years.

Sir Frederick, who is also chairman of Croda International, will receive £12,600 a year for 1½ days work a week at the NEB in addition to the £4,500 he receives for one day a week at the NRDC.

# Leader who couples flair with commercial sense

BY SUE CAMERON

SIR Frederick Wood is affable, direct and has a flair for metaphor and the colourful phrase. The National Enterprise Board's chairman-to-be is one of that supposedly dying breed of entrepreneurs, and almost everything he has put his hand to has been a success.

The profits of the Croda chemicals group were £15,000 when he succeeded his father as its managing director. The company went public in 1964, and in 1979 pre-tax profits were £14.7m. Last year, like the rest of the chemical industry, it was hard hit by the recession and high interest charges. But Sir Freddie has embarked on a belt-tightening regime.

"We've slimmed down a lot since the recession hit us and that's a good thing," he says. "I'm a believer in austerity."

In January, 1972, he became part-time chairman of the National Bus Company and turned its heavy losses into a £9.6m surplus before leaving in 1978.

The following year he took over as chairman of the National Research Development Corporation where his approach has been strongly commercial.

He responded sharply to criticism that private investors were not being given enough encouragement, saying: "Our job is to support innovation with public money and not to chuck that money away by supporting non-viable enterprises."

Last year the corporation opened a series of regional offices — before then it had been largely based in London. Again Sir Freddie stressed that it was a commercial organisation and had decided to expand for purely commercial reasons.

He can be ruthless enough when he feels it necessary. When he went back to Croda full time from the National Bus Company — admitting that he had come to doubt whether one person could do two jobs at once — he promptly removed Mr. Ernest Tyerman, his chief executive, who had been with the company for 30 years.

Sir Freddie has long been a Conservative supporter and twice stood as a Tory candidate. But that has not prevented him criticising the present Government — notably on its energy pricing policy.

Perhaps his most outstanding characteristic is his restlessness. If the Government wants a shake-up at the NEB, it has probably picked the right man.

# Northern Ireland loses more jobs

STANDARD TELEPHONES and Cables, British subsidiary of International Telephones and Telegraphs, is expected to announce a cut of 400 in its 2,700 Northern Ireland workforce tomorrow.

The cuts affect two factories making electro-mechanical and electronic telephone-switching equipment. The company reviewed its employment levels in the light of lower demand forecasts.

In September 1980, when the company announced pretax profit of £22.8m for the first half of the year, it said steps would be taken to maintain the group's profitability in the recession.

A receiver has been appointed at PX Nuclear, a Northern Ireland-based engineering company employing 240 workers in Belfast. The U.S.-owned company makes pressure vessels for the liquid petroleum-gas industry. It called in the receiver when Irish Bridge, a local company, withdrew from negotiations to acquire the share capital.

Cheseborough Ponds, the cosmetics company, is to close its Alfreton, Derbyshire, factory with a loss of 88 jobs. The company is switching production to its London headquarters to reduce overheads.

M. Mole and Son, the handtools, trailers and television equipment group, will close its handtool division at Newport, Gwent. The company announced this month that there would be 50 redundancies at its handtool manufacturing plant because of the recession.

## British Aerospace has £3.4bn orders

BRITISH AEROSPACE, the State-owned aircraft and missile group, up to half of whose shares are to be offered for public sale soon, has an outstanding order book worth more than £3.4bn.

In a new brochure the group stresses that over the past five years sales and trading profits have increased substantially, with exports averaging about 55 per cent of sales a year.

## Barclays Bank board 'shadowed'

OPPONENTS OF Barclays Bank's involvement in South Africa set up yesterday a "shadow" board of the bank, with the intention of preparing a report on its activities in South Africa.

Members of the board include Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, and Prof. Michael Dummett, Professor of Philosophy, New College, Oxford.

## National Plastics buy equipment

NATIONAL PLASTICS, part of Courtaulds, bought the thermoset plastics-moulding equipment and some stocks of GPG International, part of Guinness Plastics, for an undisclosed sum believed to be about £250,000.

The equipment will be used at National Plastics' main site in Coventry.

## Teenage employment

EMPLOYERS and local education authorities should urgently review their policies in an effort to make education and training for 16- to 19-year-olds more extensive, effective and efficient, said an official report published yesterday.

"It is clear that we are well behind many of our industrial competitors" in providing for the older teenagers, said the report produced jointly by representatives of Central Government and local authority associations, chaired by Mr. Neil Macfarline, Parliamentary Under-Secretary for Education and Science.

## Government allows troubled vehicle group more funds

# Resigned despair at £990m aid for BL

BY IVOR OWEN

MANY TORY backbenchers reacted with resigned despair in the Commons yesterday to the announcement by Sir Keith Joseph, Industry Secretary, that BL is to receive £990m more of the taxpayers' money over the next two financial years.

Their mood seemed best summed up by Mr. A. Clark (C., Plymouth Sutton) who spoke of his surprise at hearing Sir Keith "of all people" talk of such enormous sums with such insouciance.

"We feel that BL has satisfied no criteria, save of exerting social and political blackmail, to justify such an enormous diversion of funds from the private sector."

Almost apologetically, Sir Keith admitted there was some justification for Mr. Clark's surprise.

But he urged him to take account of the evidence of the past year, including the introduction of the Metro, the acceptance of new working pratices and the rundown of manning levels, which encouraged a degree of hope.

Mr. Michael Grylls (C., Surrey E.), recently elected chairman of the Tory backbench Industry Committee, acidly calculated that BL had cost £10 for every second that Sir Michael Edwardes had been its chairman.

Mr. John Stokes (C., Halesowen and Stourbridge), called for an assurance that "this vast payment" would be the last.

Sir Keith replied: "I can give no guarantees. I very much hope, if sterling does not rise, as it did last year, and new models are made to the standard of the Metro, this company will be on its way during the plan to viability."

Mr. George Gardiner (C., Reigate) underlined the disappointment that would be felt in many quarters that the Government had consented to such substantial further public investment without firm undertakings from the trade unions that it would not be jeopardised by strikes.

Sir Keith emphasised that the Government was leaving it to the BL board to secure "a good industrial performance."

One Government backbencher to give an enthusiastic welcome to Sir Keith's announcement was Mr. Hal Miller (C., Bromsgrave and Redditch), who said it would "give the lie" to Labour claims that the Government would not support BL.

Mr. Stan Orme, Labour's Industry spokesman, assured Sir Keith that, despite the opposition from the Government backbenches, "we welcome this plan because with the narrowing base of industry in this country at the moment, it is very important that a major car-based, British-owned company is maintained."

# Joseph approves plan subject to monitoring

SIR KEITH JOSEPH, Secretary of State for Industry, told Parliament:

"With permission, Mr. Speaker, I will make a statement on the BL 1981 Corporate Plan.

"I am making available in the Library of the House and in the Vote Office a report by BL on its recent performance and details of the Corporate Plan.

"The Plan contains BL's strategy for returning the company's businesses to viability in the medium term. It foresees a need for some £620m of additional Government equity in 1981-82, £370m in 1982-83, and £150m over the two following years, in order to assist the continuing programme of restructuring and investment in new projects, including the new LC10 medium car family.

"The Plan was submitted in four business sections. The policy of the BL board has been (and will continue to be) to decentralise decision-making to the operating units.

"The intention of the board as stated in the Plan is to draw these operating units into four distinct businesses to enable management to concentrate on well-defined product groupings. These businesses are BL Cars, Land Rover, Unipart and the Leyland Group.

"As the structure evolves, so the progress of each business will be separately monitored.

"The board is meanwhile exploring a variety of possible forms of collaboration, and has written to the Government

"The board sees collaboration with other manufacturers as an important part of its strategy for recovery and for reducing and eventually removing dependence on Government support. This might take the form of collaborations on components or on particular parts of the business; but the board would also welcome, and actively seeks, a relationship of a more comprehensive kind which might grow out of such collaboration."

"The Government supports BL's intention of creating viable businesses and of attracting private capital into them. It has approved the Plan and has agreed to fund the first two years of the Plan (including the first phase of the LC10 programme) — that is £620m in 1981/82 and £370m in 1982-83—subject to regular monitoring by the BL board of progress in achieving the Plan.

"The Government as shareholder will also be watching closely the financial performance of the company.

"The Chairman's letter to me of January 26, which I am publishing in full today in the Official Report and placing in the Vote Office, also makes it clear how the board will respond if the chances of achieving the Plan's major objectives are appreciably reduced.

"He says that:

"Circumstances may arise in which, through a substantial deviation in performance or an appreciable departure from the assumptions underlying it, the Corporate Plan is clearly not being achieved and it appears impossible to bring about recovery within the timescale envisaged. This could arise for external or internal reasons; an example would be a major strike which damaged or appeared certain to damage any substantial sector of the business. In such circumstances the board would, in accordance with section one of the Plan, very quickly initiate a review (in consultation with the Government) of the Plan of the relevant business group, with consequent implications for continued Government funding.'

"The Board and management have assured me that they will not hesitate to take whatever difficult and fundamental decisions about the future of the company are necessary if circumstances, inside or outside BL, require it.

"As I have already told the House, there will be an opportunity for full debate in the context of the amendment to the NEB's financial limit in respect of BL in the Industry Bill which I shall table for consideration at Report Stage. Clearance from the European Commission will be needed for the Government's funding.

"Finally, it is the Government's intention that the shareholding in BL should be transferred from the National Enterprise Board to the Secretary of State. This transfer will not, however, take place until the Industry Bill now before Parliament receives Royal Assent.

"Meanwhile the Government will discuss with BL matters arising from the change of ownership, in order to ensure continuity of BL's financial arrangements.

"The Government wishes the BL board and the company's employees well in their task."

# Return to normal may take 10 years

The corporate plan predicts profitability in 1983, reports **Kenneth Gooding**

THERE IS little in BL's corporate plan for 1981 to pacify the critics.

The group still aims to turn around the unprofitable parts of the business. But we will have to wait "five to 10 years" for BL to achieve "business results of a standard which will attract external funds on normal commercial terms."

The plan suggests that means a return of not less than 15 per cent on assets.

*The details of the losses for* 1980 are still to come but they will be around £400m. The plan envisages diminishing losses for BL in 1981 and 1982 and then a return to profitability.

Land Rover and the Unipart spare parts business are projected to remain profitable throughout this period. The Leyland Group, taking in trucks, buses and agricultural tractors, will show a loss in 1981 (unofficially estimated at £25m-£30m net) and produce a "modest" profit thereafter.

The sore spot, BL Cars, is expected to show substantial losses for 1981 and 1982 because of the competitive pressures in the UK and export markets.

But the plan holds out the hope that the car business will become profitable "within five years."

BL admits that it got all the figures wrong in the 1980 plan because of sterling's strength. In an aside yesterday, Sir Keith Joseph said about half of BL's 1980 loss could be blamed on this factor.

But the 1981 plan is based firmly on the assumption that UK competitiveness will deteriorate further this year and not return even to the 1980 level within the next five years.

The plan also assumes that, even though UK inflation rate might come down from the 1980 heights, it will remain significantly higher than in all the countries of BL's major competitors except Italy.

*The State cash injection is* to cover working capital requirements and restructuring costs as well as capital expenditure for new models.

The plan gives an indication of the restructuring still to come when it points aut that £320m of exceptional expenditure will occur, most in the early part of the plan period.

BL's streamlining programme announced in 1979 involved the closure, or partial closure, of 13 plants and "at least 25,000 jobs over a two-year span.

In fact, 26,000 jobs went during 1980 alone.

But BL still has 57 plants scattered around the UK. Two dozen of them are small component plants which would seem ripe for the axe, given BL's declared intention in the plan of reducing its capacity to mtach output.

There are some bus plants whose future could be under consideration and there are still 1,000 employed making engines for the Rovers and TR7s at Canley whose future must surely be under a cloud.

And suggestions in Belgium that BL's plant at Seneffe could *be closed now seem well-*founded, even if BL still insists that no decision has been made about that operation.

Since Sir Michael Edwardes joined BL in November 1977 about 52,000 jobs have been sliced out of the group, taking the total down to 120,000 in the UK, 140,000 worldwide.

Given the list of potential closures, another 10,000 jobs could be under threat.

What BL has called its "rolling reorganisation" of the management structure has been in part prompted by the slimming down process.

The new structure, splitting BL into cars, commercial vehicles, Land Rover and Unipart, is more an attempt to allow hard-pressed executives concentrate on the black spots within BL Cars.

Disposals are likely to be limited still to surplus sites and property and the out-of-the-mainstream businesses, Coventry Climax, Alvis, Prestcold and Aceling Barford.

But separating profit-makers Unipart and Land Rover could provide BL with a lever in the collaborative deals it is now determined to reach with other manufacturers. How about shareholdings in these com*panies in exchange for help in* Continental markets?

All the plan's assumptions are made on the basis that BL will "seek to remain a major force in the European automotive industry."

The question is: Can Sir Michael cut even more jobs without being met by a major strike. In that event, the BL Board would immediately halt the plan's progress and the £1.65bn capital investment programme for 1981-85.

# Edwardes: 'Risks will remain'

SIR MICHAEL EDWARDES, BL chairman, sent the following letter to Sir Keith Joseph:

"The board believes that BL's 1981 Corporate Plan offers—subject to the risks and qualifications which are made clear in the Plan—the best feasible prospect of bringing about the recovery of the business.

"As you know, recovery will take time, and during this period the risks to the survival of whole sections of the business will remain considerable. While it should be possible for the business to accommodate the normal trading fluctuations *within the framework of the* Plan, the achievement of competitive cost levels is essential to ensure our survival.

"As we have made clear in recent weeks, even the success of a particular new model such as Metro cannot allow us to relax the strict discipline which has to be exercised on all aspects of our cost structure.

"Government approval of our Plan and funding request would not change this situation, because it is our own performance in the external competitive environment which fundamentally determines whether or not the business can survive.

"Dealers and customers would simply walk away from the company if there were a major strike. Moreover, they would desert us more gradually, but no less surely, if we allowed our costs to rise to uncompetitive levels—or indeed if it seemed to them that the necessary funds would not be sought from Government.

"Circumstances may arise in which, through a substantial deviation in performance or an appreciable departure from the assumptions underlying it, the Corporate Plan is clearly not being achieved and it appears impossible to bring about recovery within the timescale envisaged.

"This could arise for external or internal reasons; an example would be a major strike which damaged or appeared certain to damage any substantial sector of the business. In such circumstances the board would, in accordance with section 1 of the Plan, very quickly initiate a review (in consultation with the Government) of the Plan of the relevant business group, with consequent implications for continued Government funding.

"The Board will, of course, be monitoring progress under the Plan regularly in the normal course of its business and in the context of the annual updating of the Plan towards the end of 1981.

"In our recent discussions on the Corporate Plan, you also asked me to confirm to you the views of the BL Board on the importance of collaboration in our recovery strategy for each of our main business groups.

*The board sees collaboration* with other manufacturers as an important part of its strategy for recovery and for reducing and eventually removing dependence on Government support. This might take the form of collaborations on major components or on particular parts of the business; but the board would also welcome, and actively seeks, a relationship of a more comprehensive kind which might well grow out of such collaboration.

# Howe asked to abolish stamp duty

THE ABOLITION of stamp duty and a doubling of the ceiling for tax relief on mortgage interest have been called *for by the building societies.*

In a letter to the Chancellor of the Exchequer, Mr. Leonard Williams, chairman of the Building Societies Association, has told Sir Geoffrey Howe that stamp duty—which has a maximum rate of 2 per cent—has turned into a tax on house purchase which is "at odds with *the stated policy of the Govern*ment to encourage owner occupation."

Mr. Williams pointed out that the average house price in the UK is now just over £25,000 and on purchase attracts a duty of £250.

# Intervene and cut sterling rate, says CBI leader

BY DAVID MARSH

A STRONG call for the Government to intervene on the exchange markets to lower the value of sterling was made yesterday by Mr. James Cleminson, chairman of Reckitt and Colman and a leading figure in the Confederation of British Industry.

The plea by Mr. Cleminson—who is chairman of the CBI's Economic Situation Committee—for a controlled devaluation of sterlin gwas coupled with a call *for the Government to cut* interest rates and reduce business taxes in the March budget.

Speaking at a conference on the 1981 Budget organised by Westminster and City Programmes, Mr. Cleminson suggested controls on incoming capital flows and temporary "large scale intervention" on the foreign exchanges as a way of giving industry a "12-month breathing space"

In a speech which was considerably more outspoken than other recent comments on the exchange rate by CBI leaders, he said interest rates should be cut rapidly "without rigid adherence to sterling M3." And he called on the Government to declare publicly that the pound was too high.

Mr. Cleminson's other recommendations for a business-orientated Budget included a cut in heavy oil duty and a reduction of at least 2 percentage points in the National Insurance surcharge.

# Aston may manufacture small cars

ASTON MARTIN is embarking on a diversification drive which could result in the manufacture of luxurious and sporting versions of other manufacturers' cars.

One of several vehicles being investigated is BL's Metro. Mr. John Symonds, Aston Martin's managing director, says there is "nothing specific" on such a model. "But we've got a lot of thoughts on a lot of products, and some very exciting projects on the stocks."

Mr. Symonds insists that there is no intention of downgrading the importance of the £34,000-£50,000 cars on which the company's reputation has been based.

Yet the production rate of these large cars—three and a half each week—is unprofitable and the company is looking hard for extra revenue to help defray the high fixed overheads of the Newport Pagnell plant.

Three weeks ago, the company was taken over by the Pace Petroleum organisation and CH Industrials, a public manufacturing group.

It is also intensifying its efforts to become a supplier of research and development expertise to other sectors of the motor industry.

Work has already begun on a number of such contracts, according to Mr. Symonds.

Aston Martin expects a 20 per cent improvement in productivity this year to lower the output level at which making the large cars becomes profitable. It expects them to provide the bulk of Aston Martin's earnings at least for the next two years.

After that, Mr. Symonds indicated, the company's financial dependence on them could be considerably reduced.

Feature, Page 13

# Radical reorganisation of State industries proposed

**John Elliott** reports on Sir William Barlow's denationalisation call

THE Prime Minister should set up a one-man inquiry to produce in six months a plan for changing the status and organisation of nationalised industries, says Sir William Barlow, chairman of the Post Office for three years from 1977.

As many industries as possible should be denationalised. Those remaining should be split into smaller organisations where practicable. They should be turned into Companies Act businesses so that they can raise capital and investment funds more easily, and should all report to one Cabinet Minister.

These are the main conclusions proposed yesterday by Sir William. He resigned from the Post Office last year and refused the chairmanship of British Telecom because of the frustrations of the job.

A former chairman of Ransome Hoffmann Pollard, Sir William returned to the private sector and is chairman of Thorn-EMI's engineering group. He is also chairman of the Design Council and a non-executive board member of the National Enterprise Board's INMOS microchip company.

In a speech to the Royal Institute of Public Affairs, Sir William said that Government constraints prevented the industries taking normal business risks.

Medium-term plans had to be discussed with constantly changing civil servants, while there was always pressure for investment plans to be reduced and for financial borrowing to be limited. He also attacked trade unions for exploiting monopoly power.

Sir William said there should be no more nationalisation and that industries should be denationalised where feasible.

The remaining corporations should be divided into smaller organisations to reduce the load on top management and to give management a chance to "balance highly-centralised trade-union power."

Monopolies should be reduced and the industries should come under the Companies Act, with equity capital forming the majority of the funding, even if all the shares were held by the Government. This would be a more radical change than is envisaged in the present Government's privatisation plans.

"The industries should operate as though they were subject to Stock Exchange rules. They should be expected to pay a dividend and the same public performance ratios should be published as for private-sector companies. Shares should be available for purchase by the public. Eventually some would become like BP in operation and performance."

The Government should "appoint a man, perhaps with a small high calibre staff," to produce a list of "creative proposals for the Prime Minister within six months."

"Britain does not know what it wants from its nationalised industries, with the result that the management of them is very difficult and the results obtained satisfy nobody." Sir William said in his lecture, which formed part of the institute's series on government and industry.

In a long list of criticisms Sir William attacked Ministers' "desire to interfere" and condemned them for "fighting shy of issuing specific directions because that would place them in the position of accepting full responsibility for their actions."

"The desire to interfere continues, as can be seen from the British Telecommunications Bill currently going through Parliament. In it the Government seeks powers to exercise control on specific issues like research and development, the setting up of subsidiaries, the rate of return on different parts of the business, and licensing."

Nationalised industry chairmen could rarely win a public row with Ministers, said Sir William. He met Mr. Eric Varley, Secretary for Industry in the last Labour Government, only four times in 18 months compared with 19 meetings in 16 months with Sir Keith Joseph, the Secretary of State.

Ministers were handicapped by the short time for which they held their posts, said Sir William.

"Another problem faced by the managements is the question of leaks. Leaks from the Government about their corporations are quite common. Leaks from their own corporations are also quite common, so one has the sensation of managing in a goldfish bowl."

Sir William is known to be unhappy about the way Ministers and newspapers dealt in public with the Post Office's affairs.

# Loans plan for small businesses

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A RAPID expansion of special loans for small- and medium-sized businesses in the UK's assisted regions is planned by the European Investment Bank (EIB), which is to channel its funds through the Industrial and Commercial Finance Corporation. The bank is negotiating similar arrangements with the British clearing banks.

Most of the loans to be provided through the corporation, which is owned by the clearing banks and the Bank of England, will range from £15,000 to £50,000. Funds of £5m have been allocated initially, but the EIB is prepared to enlarge this to £20m if there is sufficient demand.

The EIB, which is the Common Market's banking institution, is also negotiating terms with the Government for a possible energy conservation loans scheme which could have funds of £20m or more. These loans would apply to conservation projects anywhere in the UK and might also be operated through private sector institutions.

For the past two years the EIB has provided loans of up to £250,000 for small- and medium-sized businesses through the Department of Industry's regional organisation.

But it has found this a slow procedure. It has not been able to contact sufficient very small operations in manufacturing and tourism, which are its main interests.

It was encouraged by the then Labour Government to work through the Department rather than through financial institutions. But during the two years it has agreed only 128 loans totalling £5m in the UK assisted regions, whereas in the Republic of Ireland a similar amount of money has been used for 521 loans.

It hopes that switching most of its business to the corporation, and maybe to the clearing banks, will help it find more customers among the smallest businesses.

Loans will be provided at fixed rates for up to eight years, with a two-year moratorium on repayments. The EIB will charge 10 per cent, with the Government adding 1 per cent in special development areas and 2 per cent in other assisted areas to cover exchange rate guarantees. On top of this will be a small corporation charge.

Loans of up to £50,000 will be provided quickly because only the corporation and the EIB will have to give approval. But the Government has insisted that, since it provides the exchange cover, it should approve all loans above £50,000.

This underlines the Government's special interest in making loans of up to that sum more easily available.

# Components maker to use coal boilers

By Martin Dickson, Energy Correspondent

NORTHERN RUBBER, a Nottinghamshire-based manufacturer of industrial components, is to switch its boilers from oil to coal-firing to save money and ensure security of supply. It will use about 4,000 tonnes of local coal a year.

The move will encourage the National Coal Board in its campaign to persuade industrialists to convert back to coal firing.

Mr. R. V. Sawyer, Northern Rubber's engineering services manager, said the company had looked at solid fuel three years ago but decided against a change. "Since then, however, the cost of oil has escalated and this factor, together with possible supply difficulties in the future, has encouraged us to look at coal again."

Northern Rubber, part of the Pegler Hattersley group, produces components for a variety of industries, including aerospace.

Associated Heat Services, a Coal Board subsidiary, is to instal and operate the boilers, which will provide process steam and space heating.

A growing number of UK companies are switching back to coal, which is now less than half the price of oil in terms of heat delivered, although coal's greater handling charges somewhat reduce this benefit.

# Conversion idea signals demise of fuel oil

## Esso's bias to lighter products is prompted by market forces, writes Sue Cameron

THE POSSIBILITY that Esso may build a £500m fuel oil conversion unit at Fawley near Southampton is a sign of the change that is beginning to take place in the European oil products market.

The unit would enable heavy fuel oil to be turned into much lighter products such as petrol and jet fuel. The project is one of a number of proposals being considered by Esso and no final decision has been taken to go ahead with it.

But it seems that Esso and the other major oil companies are being compelled to move more quickly than they originally expected in order to adapt to the rapidly changing pattern of demand in the market-place.

Their own long-range forecasts show that demand for petrol, diesel and jet fuel will continue to grow throughout the 1980s and beyond—albeit at a slower rate than in the last 20 years. But demand for fuel oil is now set to decline sharply as manufacturers and electricity producers switch to coal.

### Electricity

The move away from fuel oil into coal has already started and is gathering pace with a speed the oil industry did not apparently foresee. Support within Esso for the unit at Fawley probably received a considerable boost from last year's sales figures, which show a dramatic drop in UK demand for fuel oil.

Overall demand in Britain fell by 16 per cent, while Esso's own UK fuel oil sales went down by 18 per cent. Part of the decline is the result of the recession, but a major factor has been the electricity industry's decision to replace much of its fuel oil with coal.

All the major oil companies have been hit by the switch, but Esso has traditionally been a particularly big supplier of fuel oil to the electricity industry—there is a power station next to the group's Fawley refinery and this alone has burned as much as 2m tonnes of fuel oil a year in the past.

Between 50 per cent and 60 per cent of Esso's fuel oil sales are normally to the electricity industry and the Central Electricity Generating Board's changeover to coal last year therefore had a great impact on the company.

In 1979 Esso sold more than 3m tonnes of fuel oil altogether but last year this was almost halved to 1.8m tonnes.

The oil industry does not expect to see any change in the current trend. Coal is likely to become increasingly preferable to fuel oil for electricity producers and manufacturing industry generally. There are a number of reasons for this.

One is that there are plentiful supplies of coal—the UK is estimated to have enough to last for 300 years. The long-term outlook for oil, on the other hand, is that supplies will become increasingly tight world-wide. Industry experts say the current glut of oil products on the European market is a purely temporary phenomenon.

They add that eventually oil will have to be reserved for sectors such as transport and chemicals where there are no obvious alternatives.

The second major attraction of coal is that it is about half the price of fuel oil at present—a fact that has been highlighted in the UK by the row over comparative European energy costs. This is the reason given by the CEGB for using coal most. It is more difficult to handle than fuel oil but, even allowing for the higher costs of transporting and treating it, coal is still about 30 per cent cheaper than fuel oil.

The big oil companies believe that where the electricity industry is leading, other manufacturers will follow. It will take them some years to invest in the equipment they will need to burn coal but the oil industry reckons they will make the switch comparatively quickly.

Some senior oil executives say they would not be surprised if their own huge crude oil tankers were to be coal-powered in the not too distant future.

By the start of the next century, alternatives to drilled crude oil will begin to become available at commercial prices—synthetic oil made from coal, for example. These may well be able to compete with coal as a primary fuel in boilers and furnaces.

But in the meantime the oil industry faces the prospect of having a lot of fuel oil on its hands and very few customers for it. For when crude is put through a refinery, a proportion of fuel oil comes out at the other end along with the products that are in high demand such as petrol.

What companies like Esso want to do, therefore, is extract more of the lighter products like petrol out of a barrel of crude and less of the heavier ones. Efforts to upgrade the heavier products have been under way for some time.

The oil majors have been installing vacuum distillation units, visbreakers and catalytic crackers at their UK refineries. Vacuum distillation units turn about 50 per cent of the fuel oil that goes through them into middle distillate, which can then be put through a cat cracker and turned into products like petrol.

But the 50 per cent residue left in the vacuum distillation units is similar to tar. Visbreakers effectively lighten fuel oil—but it remains in that form.

Texaco and Gulf are among the companies installing cat crackers—theirs is at their jointly owned refinery in Pembroke—and Amoco and Murco are putting one in at their joint refinery at Milford Haven.

The proposal Esso is considering would, however, involve a more technologically advanced unit. It would turn virtually all the fuel oil it was given into a product which could be further treated and then put through the Fawley refinery to become petrol, diesel and jet fuel.

The only residue or by-product would be gas, which could be used to power the refinery itself. Esso refers to the concept as a "fuel oil destruction unit."

### Demand change

It is believed that Esso is considering a number of technologies for the new plants.

Petrol, diesel and jet fuel account for less than 50 per cent of Esso's product sales. The company reckons that when changes in demand and improvements in technology have become effective, these three products will represent upwards of 70 per cent to 80 per cent of total sales.

Fuel oil will still be available for those who want it, but as it becomes more scarce it is likely to become more expensive.

Fuel oil demand has dropped on the Continent as well as in the UK and Europe still has some way to go before it catches up with the U.S. in obtaining more the lighter products from a barrel of crude.

# Import penetration 'puts printing industry at risk'

BY ALAN PIKE

REPRESENTATIVES of the printing industry will meet Mr. John Biffin, Trade Secretary, today amid growing indications that the serious economic problems the industry faces will continue through 1981.

The purpose of today's meeting—to be attended by employers' representatives and union leaders—is to discuss the difficulties of British book producers, one of the sectors worst affected by import penetration.

But a report to the British Printing Industries Federation council shows that producers of boxes and cartons, advertising literature—especially mail order catalogues—and manufactured stationery also face serious problems.

A dominant theme of the report is the need for printing companies to keep costs down this year. This suggests there will be little on offer when the BPIF begins wage negotiations soon.

In the report Mr. Roy Smith, chairman of the BPIF's economic development committee, says that while general print sales during the first nine months of 1980 were 13.7 per cent higher in value than the same period of 1979 this figure conceals a "serious deterioration which continued into the fourth quarter and is still going on."

In all sectors, says the report, competition from imports has made a greater impact than is apparent from the loss of market share. Printers had kept price rises well below production cost increases to try to hold work. Some printers had even reduced prices—a federation survey of members in book production showed that 35 per cent were charging less than a year ago.

The effects of low prices and low volume have led to a majority of companies reducing their labour forces and cutting back on planned investment in new plant and machinery. Even without a further deterioration in the market printers' resources will continue under heavy pressure.

The report says the printing industry faces a "further grim period" with little chance of any recovery much before the end of this year.

"If the industry is to take advantage of improved conditions in 1982 it must keep costs down this year. Above all, it must keep cost increases within the small price increases it is likely to obtain."

# Big expansion expected in Gatwick traffic

By Michael Donne, Aerospace Correspondent

A FURTHER substantial expansion in passenger traffic this year at Gatwick Airport is foreseen by the British Airports Authority. Last year, passenger traffic at the airport rose by 1m to over 9.8m.

Already the airlines are planning new services from this spring. At end-March, British Airways will transfer to Gatwick the rest of its Iberian peninsular services (many such services have already moved from Heathrow), and it will also transfer its Naples service.

On April 3, World Airways plans a direct service from Gatwick to Baltimore and Washington, while on April 4, Laker starts flights to Tampa, Florida. On the same day, Air Florida starts flights to Miami.

Dan-Air starts flights to Cork, Eire, on April 13. Western Airlines starts DC-10 flights to Denver and Las Vegas on April 25, and the following day Northwest Orient starts Jumbo jet flights to Boston.

On May 2, British Airways starts flights from Gatwick to New Orleans and Mexico City, while on May 18 Trans World starts a service to Pittsburgh.

# Nippon sets up sales operation in Scotland

By Jason Crisp

THE GIANT Japanese electrical and electronics group Nippon Electric Company said yesterday it had set up a sales subsidiary in Scotland to market products in the UK and Ireland.

NEC said it expected sales of £14.5m (Y7bn) in the first year and £31.1m (Y15bn) next year. NEC said the new UK subsidiary was capitalised at £500,000.

NEC, one of the world's largest telecommunications and computer companies, said last year that it would manufacture microchips in Livingston new town near Edinburgh. It is investing £40m in the plant.

It expects to begin assembling large scale integrated circuits by April 1982 and to go into wafer fabrication by 1984.

The sales organisation is to be based at New Stevenson, near Glasgow.

It will employ about 60 people and will market a variety of semiconductor devices, fluorescent indicator panels and colour picture tubes.

Until now NEC has sold in the UK and Ireland through its German subsidiary in Dusseldorf.

It also manufactures in Ireland at Ballivor near Dublin where it set up its first European production facility in 1974.

# Recession threatens door production in prisons

FINANCIAL TIMES REPORTER

THE RECESSION is threatening work done by prisoners in Britain's gaols. The Home Office has been asked to restrict the manufacture of doors by prisoners because of widespread cutbacks and short-time in the woodworking industry.

The British Woodworking Federation said British prisons can produce about 100,000 doors annually, about the same level as a medium sized manufacturer.

"In view of the sharp drop in demand for doors, particularly from housebuilders, we have asked that prison manufacture of doors be severely curtailed," said the federation.

"Manufacturing by prisoners is already virtually at a standstill because of the prison officer' dispute but the Home Office is now looking at the possibility of changing the manufacture of alternative products, which would have a minimal impact on home producers."

The federation said it had never before objected to prisoners making doors and had supported prison training programmes.

## UK NEWS — PARLIAMENT and POLITICS

# Nine Labour MPs support Jenkins and Gang of Three

**THE COUNCIL for Social Democracy, set up by Mr. Roy Jenkins and the Gang of Three to act as a foundation for a new political party, has received the support of nine more Labour MPs. This is as many as the organisers hoped to attract initially, and although no more Parliamentary recruits are expected in the near future, there could be more when re-selection takes effect or if the Labour Party swings further Left. The formal launching of the party will depend on the efforts of this nucleus of 13 and the countrywide campaign they intend to launch to gauge their strength.**

## Roy Jenkins

IF THE Council for Social Democracy does take flight as a new political party instead of stalling at the end of the runway, Mr. Roy Jenkins will secure a place in history as its designer, though probably not its pilot.

He was the first to call for a realignment of the "radical Centre" in British politics—in his 1979 Dimbleby lecture—and *his was the most unequivocal* voice urging a regrouping throughout last year.

For, unlike most of the Council's other early supporters, Mr. Jenkins really had nowhere else to go. As he himself recognised, there was never any question of his re-entering the mainstream of Labour Party politics after his return from Brussels.

In spite of his impeccably blue collar origins as a miner's son, Mr. Jenkins came to epitomise what the Left sees as the post-war generation of career politicians. Oxbridge educated, elitist and with little feeling for the grass roots.

During the late sixties and early seventies, he grew to be regarded as the Centre Right's outstanding candidate for the leadership.

But his passionate devotion to the European ideal—he resigned as deputy leader over the 1975 decision to hold a referendum on Britain's membership of the EEC—counted against him. And his unqualified defeat in the 1976 elections for the party leadership probably ended his hopes of rising further within the party.

During his four undistinguished years as president of the European Commission, Mr. Jenkins interested himself in the broad brush strokes of international politics and lost touch with day-to-day Socialist politics.

Since his return, he appears to have attracted a considerable amount of financial support—largely, it is claimed, from those quarters of the City of London where monetarism is a four letter word—and a wide body of intellectual support. He does not yet appear to have anywhere to put them.

## Bill Rodgers

MR. BILL RODGERS has always had the reputation as the Right's best and most aggressive organiser. As such, his participation is fundamental to the hopes of any new Social Democratic Party which, without money and proper organisa*tion, could yet get no further* than the realm of good intentions.

Already Mr. Rodgers had claimed a key role in its development, and the Right's progressive disengagement from the party owes much to him. Now, he *is in the extraordinary* position of being a member of the Shadow Cabinet — albeit without portfolio—who is com*mitted to exploring the scope* for a party which could seriously damage Labour.

Mr. Rodgers, who had a *majority of over 11,000 at the* last election in Stockton, Teesside, was fighting the Left before he even got into Parlia*ment in 1962. As Hugh* Gaitskell's lieutenant he organised the campaign which succeeded in reversing the *party's unilateralist stance.*

Throughout his political life, his career has been marked by a refusal to compromise over either Europe or his commitment to multi-lateralism.

His views and his sometimes aloof manner—have won him many enemies on the Left and have not by any means always endeared him to those moderates who believe that he has made things more difficult by his refusal to compromise.

In spite of some vocal critics *in Stockton, however, he* has retained the support of his local party, and one of the things which has caused him most *anguish over the past few* months has been the prospect of telling his loyal supporters that he is leaving the Labour *Party.*

Just over a year ago Mr. Rodgers, who was then the party's Defence Secretary, warned that the party had little more than a year to put itself in order. Six months later he was joined on the battle front by Mr. Williams and Dr. Owen.

## Tom Bradley

AN IMPORTANT catch for the new grouping is Mr. Tom Bradley, a former chairman of the Labour Party, trade union leader and member of the party's National Executive Committee.

In spite of his close political attachment to Mr. Roy Jenkins *and his well-known disillusion* with recent developments, he was regarded by some as too steeped in the Labour move*ment to contemplate the agony* of a break.

Until recently he has seen his prime role as a party unifier while opposing the policy drift to the Left. But he now feels the process has gone too far to be recovered.

His Labour Party background is impeccable—in marked contrast to some others on the new council. His grandfather was a founder member of the Labour Party in the Midlands, and he joined the local Labour Party in Kettering at 15. From there he worked his way up steadily largely through the trade union route.

After starting as a railway clerk he became president of the Transport Salaried Staffs Association from 1964 to 1977 and gained a seat on the NEC in 1966, becoming chairman in 1975-76. He also came to party prominence as the Parliamentary Private Secretary and political aide of Mr. Jenkins during his ministerial career, and fully shared his pro-Market views.

His seat at Leicester East, which he has represented, with boundary revisions, since 1962, is marginal. He has a majority *of 4,600 over the Tories with* the Liberal vote almost exactly matching the majority.

Should Mr. Bradley stand as a Social Democrat against the Labour Party he would have the advantage of lifelong local associations—he remains chairman of Kettering Town Football Club and still lives in the town.

It would be difficult for the Labour Party to win the seat against combined opposition from him and the Liberals.

## Richard Crawshaw

MR. RICHARD CRAWSHAW, tipped to become one of the first casualties of the new mandatory reselection process, is one of those men whom everyone likes but no one desperately wants. In his Liverpool seat of Toxteth, which he has held since 1964, and retained comfortably at the last election with a 22.7 per cent majority, he is much respected.

Even those now preparing to oust him concede that he is likeable, conscientious, easily accessible and attentive to all his constituents, including those who vote Conservative. *But his is one of those crumb*ling inner city constituencies, where apathy on the part of the Right has paved the way for a Left-wing takeover, and he has support of less than a third of the members of his general management committee.

At Westminster, where he is a deputy speaker, he is regarded as an amiable, highly principled but slightly eccentric character, identified more with his long distance walking feats than any of the big issues currently facing the party. As deputy speaker, he has little opportunity to speak out on these issues, a point which angers his constituency party which has repeatedly asked him to resign the post.

Among those on the Right of the party, he is seen as something of a hanger on—one who sympathises with the pro Europeanism and multilateral defence approach of the Social Democrats. His move is seen largely as an acceptance of the fact that his career within the party is finished.

Whether Mr. Crawshaw could win the newly drawn consti*tuency of Toxteth* at the next election outside the Labour party, is not at all certain. The re-drawing of the boundaries is *likely to remove a substantial* body of Labour supporters, but despite Mr. Crawshaw's substantial personal following, it is not clear who would gain. Although the Conservatives came second there in 1979, with 32 per cent of the vote, it is an area where Liberals have been gaining rapidly in local government and are looking for a breakthrough.

## Robert Maclennan

MR. ROBERT MACLENNAN is a typical Labour MP with a typical constituency. A Balliol-educated barrister with only a slight Scottish accent and a very reserved manner, he sits for the large and scarcely-populated seat of Caithness and Sutherland as the only Labour MP in the north of Scotland.

His majority at the last elec*tion was only 2,539 in a three*-cornered fight with the Scottish Nationalists. But his electorate tend to be independent-minded. *Before Mr. MacLennan,* they returned a Liberal to Westminster.

Mr. MacLennan came into Parliament in 1966 and became Parliamentary Private Secretary to Mr. George Thomson. In the last Labour Government he was made a junior minister at the Department of Prices where he worked first with Mrs. Williams, and then with Mr. Roy Hattersley.

He has not always been as outspoken as some of the other signatories to the agreement in the party's constitutional wrangle, though he did speak out at Saturday's conference in support of his local party's resolution in favour of giving all Labour Party members a vote in the leadership election.

But it has been clear for some time that he was becoming increasingly disenchanted with the way things were going in the party. For him Europe had always been particularly important.

He campaigned actively in favour of the EEC in the referendum, and since then has fre*quently been attacked by* Labour Left-wingers for what they have seen as his uncritical commitment to the Community.

Given last October's conference votes on Europe, it was difficult to see how Mr. MacLennan could fight another election as a Labour MP if the manifesto contained anything like the conference policies.

## Neville Sandelson

THAT Mr. Neville Sandelson should join with the new group comes as no surprise to anyone. One of the most uncompromising Right-wingers in the PLP, he has so far survived a three-year running battle with his constituency party at Hillingdon, *Hayes and Harlington,* including two attempts to unseat him. He is not expected to survive the next, when the *mandatory re-selection process* gets under way. Indeed, it is unlikely he will stand for re-selection.

A *barrister*, educated at Westminster and later at Cambridge, he has confidently—his critics would say arrogantly—*given as good as he got in the* battles with his general management committee, whom he has openly called "half wits."

Mr. Sandelson's troubles probably started some time after his election in 1971 when he organised a petition within the Parliamentary Labour Party on behalf of Mr. Reginald Prentice, then Labour MP for Newham North-east, who was under attack from his constituency.

Mr. Sandelson's later well-publicised attacks against "determined extremists, Communists, Trotskyists and subversives" who, he claimed, were out to *disrupt* the party, further alienated him from his increasingly Left-dominated constituency party. And his *declaration last year* that he would, in future, vote with the Conservatives on defence issues, was probably the last straw.

At the last election, Mr. Sandelson held his predominantly working-class constituency with a 7.8 per cent majority—sharply down from the 24.2 per cent majority of the 1974 election. Although he claims the support of most of the 56,000 voters and certainly most of the 20,000 Labour voters, insisting that the party is unrepresentative of its supporters, he himself admits that politically he is on the way out.

## David Owen

AT TIMES over the past few months Dr. David Owen has been visibly straining at the leash as he became progressively more and more angry about the state of the Labour Party.

...Typically he has made no secret of the fact that he despised the way some other moderates within the Parliamentary Party were prepared to compromise.

Yet, not much more than a year ago, Dr. Owen was rarely put in the same category of *militant Right-wingers* as Mr. Rodgers and Mrs. Williams. Last August, however, he joined them in publicly warning of the dangers facing the party.

Since then he has almost overtaken them, in militancy and in his further commitment to social democracy. After Mr. Michael Foot was elected Leader, he refused to stand for election to the Shadow Cabinet, preferring to maintain his freedom on the backbenches.

The combination of his outspoken attitude and his rapid promotion has not made Dr. Owen particularly popular. He is frequently criticised for being "arrogant."

He won Plymouth Sutton from the Tories in 1966. In 1972, he resigned as a defence spokesman over the EEC. Two years later, he became the Minister of State for Health and waged war on the tobacco companies. Then, in 1977, and still under the age of 40, he was made Foreign Secretary

At the last election Dr. Owen had a majority of only 1,001 in Plymouth (Devonport).

## Shirley Williams

SHIRLEY WILLIAMS was the one person the organisers of the new grouping knew they had to get to stand any chance of success. Neither Mr. Roy Jenkins nor the other members of the Gang of Three have her charisma or her strength of support in the country.

She is essentially the acceptable face of socialism.

Mrs. Williams was born into the Labour movement 50 years ago and her entry into Labour politics seemed pre-ordained.

She entered Parliament in 1964 and held junior office throughout most of the 1966-70 Wilson Government. But it was in Opposition that her star *began to rise sharply.*

From 1974 to 1979, she climbed steadily through the ranks of the Wilson/Callaghan Cabinets. *It was at this time she* began to be talked of as a potential Prime Minister.

Doubts about her killer instincts have *largely* disappeared since the traumatic Labour conference last October, when she stormed into the attack against the *Left,* and stole the show.

She is a formidable vote getter and a very serious loss to the *Labour Party should* she finally quit. The question she poses is whether the prospective loss of such a popular and symbolic figure *will make* the Party pause and consider where it wants to go.

Her major difficulty will be to find a Parliamentary seat. But there is little doubt that Mr. David Steel and the Liberals will do their best to help her.

## John Horam

IMMEDIATELY after the recent Labour Shadow Cabinet elections, for which he did not stand, Mr. John Horam informed Mr. Michael Foot that he did not wish to be considered for a Front bench job. Any remaining doubts as to where his sympathies lay were dispelled just over a week ago when he declared his support for Mr. David Steel's 10 point economic programme.

A Cambridge educated economist, Mr. Horam entered politics in the 1960s and put up a good fight for the unwinable seat of Folkestone and Hythe *before TGWU sponsorship* helped him win the safe Labour seat of Gateshead West, in 1970.

He was rewarded with a Front bench job six years later, serving as under-secretary of State for Transport with Mr. William Rodgers as Transport Minister. Following the 1979 election, in which he retained his seat with an only slightly reduced majority of 41.3 per cent, he was appointed Treasury spokesman, a post which he held until late last year.

Mr. Horam is a staunch pro-European, who has become increasingly outspoken in recent months.

## Mike Thomas

Over the last few months, Mr. Michael Thomas, Labour MP for Newcastle-Upon-Tyne East, has become one of the Right's unofficial spokesmen. In the complicated sub-divisions of the Labour Right, he and Mr. Ian Wrigglesworth *have* formed a "Gang of Two" on the Labour backbenches, constantly attacking the Labour leadership for "fudging" and, particularly in the last few months criticising their colleagues within the Manifesto Group for lacking guts.

Like Mr. Wrigglesworth, Mr. Thomas is a Co-op sponsored MP who believes in the necessity of organisation and co-ordinated action. A short and usually smiling figure, he has a background in trade unions and was director of the National Volunteer Centre until he was elected in 1974. He had a majority of 6,170 in a three-cornered fight with the Liberals only picking up 2,818.

So far Mr. Thomas appears to have retained his popularity in his constituency though Left-wing activists are almost certain to attack his stance now. Mr. Thomas is seen at Westminster as the kind of person who would be very valuable as a behind the scenes organiser.

## Ian Wrigglesworth

MR. IAN WRIGGLESWORTH has been marked out as one of the Labour party's militant Right-wingers almost ever since he was elected MP for Thornaby East Side in 1974. And, as the split emerged within the ranks of the Right, it was clear he was one of the MPs who were *moving ever nearer* to the brink of leaving the party altogether.

Mr. Wrigglesworth has worked with Mr. Roy Jenkins before. Soon after getting to Westminster, he was made Mr. Jenkins's Parliamentary Private Secretary. At about the same time, when the Left appeared to be at the height of its power within the Parliamentary Labour Party, he helped form the Manifesto Group as a vehicle for co-ordinating the efforts of the Right and Centre of the party. Later he became its secretary.

In the last Labour government, he was made the party's deputy civil service spokesman. But when Labour went into Opposition he became increasingly open in his attack on the party leadership for compromising the Left.

After Mr. Foot's election as Labour leader, he further demonstrated his dislike of the way the party was going by saying he did not want to be considered for a front bench job.

## John Roper

MR. JOHN ROPER, a former university lecturer in economics, is one of the most passionate pro-Europeans on the Labour benches. He has been chairman of the Labour Committee for Europe since 1976 and has played a leading role in the forlorn attempts to prevent the party adopting a policy of outright withdrawal.

He was regarded as one of the most able of the 1970 intake but has surprisingly failed to make much of a mark at Westminster except on the Common Market, possibly because the tide was turning against his views and possibly because of his modest, other-worldly appearance.

After being a Parliamentary Private Secretary at the Department of Industry in 1978-79, he was appointed an assistant defence spokesman by Mr. Callaghan after the 1979 general election where his views were very much in line with Mr. William Rodgers, his chief. He has been a *member of the* Commons Select Committee on European legislation since 1974.

Mr. Roper's seat at Farnworth, *Lancashire,* where he represents Labour and the Co-operative Party, is safe, and his success in a contest as a Social Democrat could depend on his personal standing and on the attitude of the local Liberals, who polled a substantial 8,000 votes in 1979. The present Labour majority over the Tories is 8,100.

## Tom Ellis

MR. TOM ELLIS, MP for Wrexham, has been one of the most outspoken of the Labour dissidents in recent months because of his total disenchantment with the party's Leftward drift.

He entered the Commons in 1970 after a background as a miner and colliery manager, and was Parliamentary Private Secretary to Mr. William Rodgers in 1975-76.

He voted in *favour of* EEC membership in the 1971 referendum and became a nominated member of the European Assembly from 1975 to 1979 but failed to get a seat for the elected Parliament.

His local background at Wrexham is excellent. Apart from his mining history he is a Welsh speaker and was strongly in favour of devolution for Wales.

These attributes would unundoubtedly stand him in good stead should he fight the seat at the next election against an official Labour Party candidate, but the key would again be the Liberals.

At the last General Election Mr. Ellis's majority was a substantial 12,000 but the Liberals came a very strong third with over 11,000 votes. With their support he would stand a chance of keeping Labour out, but with such a substantial base they might be unwilling to give way readily.

## Strength and political balance of leading unions

*THE STRENGTH and political balance of the leading trade unions takes on an extra dimension of importance to political life, now that they have a large say in determining who will be the leader of the Labour Party, John Lloyd writes.*

*The table below ranks the top 12 unions which affiliate to* the Labour Party in order of the size of their affiliations, gives the percentage they command of the total affiliated vote and comments briefly on their balance as far as political questions are concerned. The last can *only* be a rough guide. Unions' political balances can shift quite radically, as with the engineers in recent years, and most unions can act in a maverick fashion on occasion.

It is likely that the unions will be represented on the *electoral college* in proportion to the percentage of affiliated votes they command. That means that the Transport and General Workers' Union will have nearly 20 per cent of the unions' 40 per cent share of the college, and that the top four unions will command over 50 per cent of that share.

| Union | Membership (As at TUC confrence, Sept. 1980) | Membership affiliated to the Labour Party (As at Labour Party conference, Oct. 1980) | Political balance on executive | Percentage of total affiliated membership (as at Wembley special conference, Jan. 1981) |
|---|---|---|---|---|
| Transport and General Workers | 2,086,281 | 1,250,000 | Left on most issues | 19.4 |
| Amalgamted Union of Engineering Workers (engineering section) | 1,217,760 | 927,421 | Right on all issues: national committee mandates delegations | 14.3 |
| General and Municipal Workers Union | 967,153 | 650,000 | Centrist—tends to the right on many issues | 10.1 |
| National Union of Public Employees | 691,770 | 600,000 | Left on most issues | 9.3 |
| Union of Shop, Distributive and Allied Workers | 470,017 | 428,129 | Right on most issues, but surprisingly leftist on occasion | 6.6 |
| Electrical and Plumbing Trades Union | 420,000 | 260,000 | Right on all isues | 4.0 |
| National Union of Mineworkers | 253,142 | 243,711 | Right on many issues but strong left wing | 3.8 |
| Union of Construction, Allied Trades and Technicians | 347,777 | 200,000 | Left on some issues, centrist on others | 3.1 |
| Union of Communication Workers | 203,452 | 186,738 | Right on most issues | 2.9 |
| National Union of Railwaymen | 180,000 | 180,000 | Right on many issues, but strong left-wing | 2.3 |
| Association of Scientific, Technical and Managerial Staffs | 491,000 | 147,000 | Left on most issues, close to TGWU line | 2.8 |
| Association of Professional, Executive, Clerical and Computer Staffs | 151,206 | 108,598 | Right on all issues | 1.7 |

(NB: Membership figures for most of these unions are now lower than the above. These are the latest "official" figures)



## Air of déja vu pervades BL debate

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

DESPITE the weekend ruc*tions within the Labour Party,* there was almost an air of jovility on the Opposition benches in the Commons yesterday.

All the soul searching was taking place on the other side of the House as Sir Keith Joseph, the Industry Secretary, announced that the Government was doling out nearly £1bn of taxpayers' money to British Leyland.

Labour MPs positively gloated at the spectacle of the *monetarist Ayatollah* stretching his creed to embrace this huge hand-out.

Maliciously Mr. Geoffrey *Robinson* (Lab., Coventry North West), the former boss of Jaguar cars, offered Sir Keith his sympathy and wondered whether the *Industry* Secretary was a masochist or that Mrs. Thatcher—who was seated *on* the Government front bench—was a sadist.

Mr. Tom McNally, Lab., Stockport South) joined in the fund and urged "Instead of oeing along in this miserable way, why don't you bang the despatch box and say it is good news for British industry?"

In fact, although Sir Keith indulged in some of his usual hand-wringing, he seemed comparatively relaxed and even the snide comments *from the Tory backbenchers* did not seem to have much sting to them.

As Mr. Robert Adley (Con., *Christchurch and Lymington*) said, there was an air of déja vu about the whole occasion. Mr. Edward Heath, the former *Tory Prime Minister,* whose earlier brand of interventionism is supposed to be out of fashion in his party, sat impassively below the gangway.

The ghost of a smile *hovered on his lips* as Sir Keith assured his colleagues that the Government and BL would be keeping a close eye on the financial progress of the corporate plan.

Judging by the gleam in his eye, Mr. Heath was probably counting the number of times he had heard that refrain in the House before.

*There was* a ripple of interest as Dr. David Owen, a member of the moderate Gang of Four, rose to put a question. Already he seemed to be re-designing his line in readiness for the new model which he and his friends may launch later this year.

There were ironic cheers from the Tories as he wel*comed support for "competi*tive public enterprise" and urged higher wages for BL workers to encourage productivity.

The true state of schizophrenia on the Tory benches was revealed in the interjections when Mr. Stan Orme, Shadow Industry spokesman, replied from the Labour front bench.

BL, said Mr. Orme, was vital to the economy. Tory shout: "But is it viable?"

The Labour Party did not want to see the company broken up or sold off, said Mr. Orme. Tory shout: "We do!"

With a boldness unusual from an MP from the Midlands, Mr. John Stokes (Con., Halesowen and Stourbridge) sought a promise that this would be the last dollop of public cash for BL.

With gloomy honesty, Sir Keith shook his head and told him: "I can give no guarantee."

With this out of the way, the House moved on to the newspaper industry and Fleet Street, an area where whatever its other failings, competition is still red in tooth *and claw*

The Labour Party made it clear that it was still eager to block the Murdoch bid for the Times by getting it referred to the Monopolies and Mergers Commission. Curiously enough, Labour MPs seemed to believe that Aussie Gold lacks the wholesome cleanliness of taxpayers' money when it comes to putting a company on its feet.

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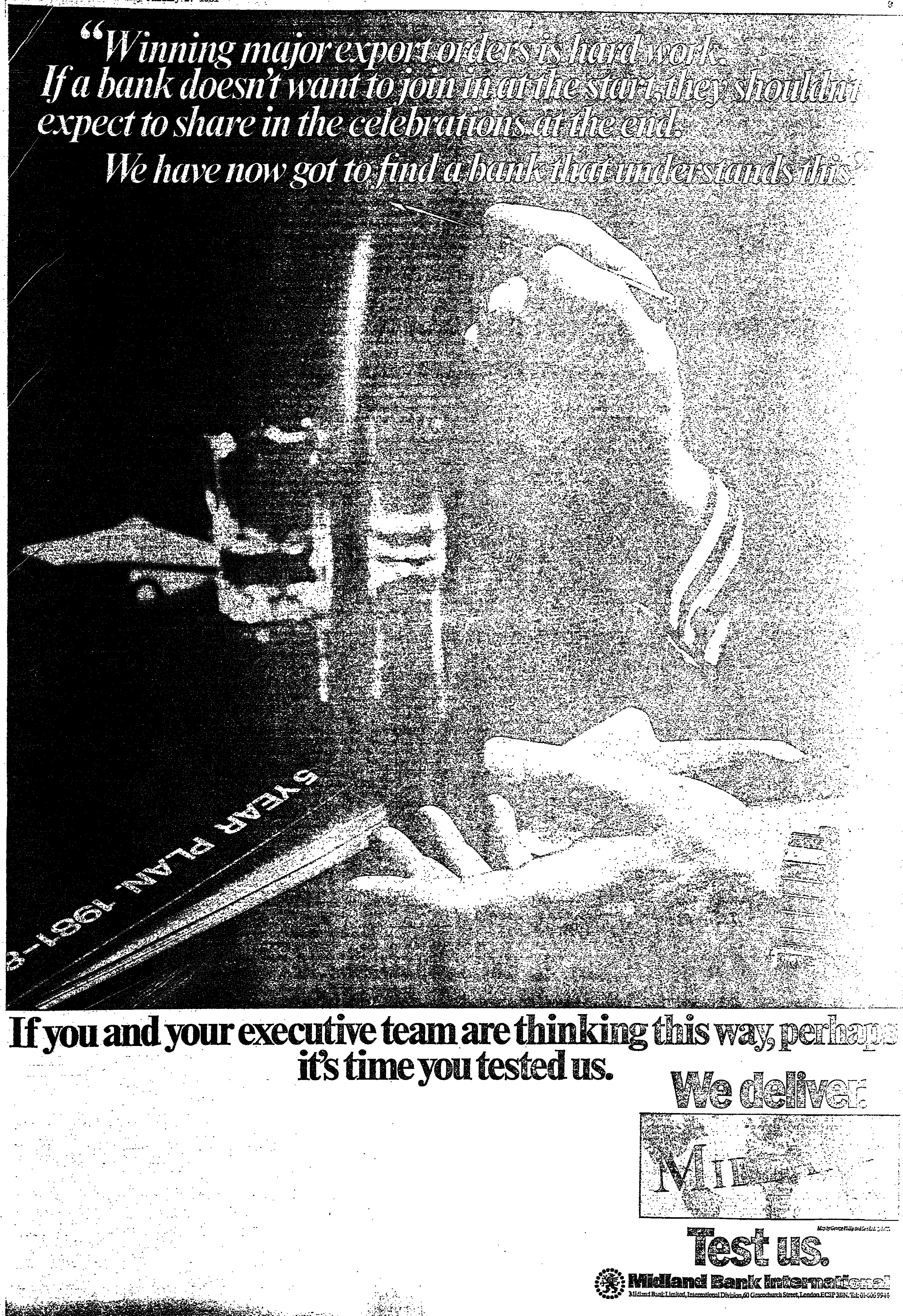

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5. Only bidders which have purchased the tender documents shall be allowed to participate.

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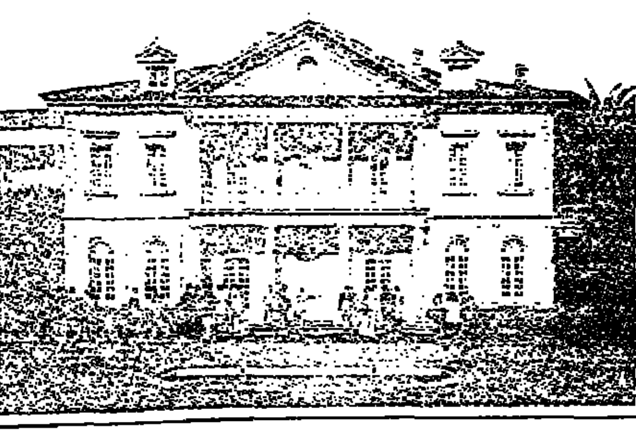

## Action plan over Tate & Lyle closure

By Nick Garnett, Labour Staff

SHOP STEWARDS at Tate & Lyle's Liverpool refinery which the company is closing down with the loss of almost 1,600 jobs, decided yesterday on a programme of industrial action if the company does not reconsider its closure decision.

The planned action includes requests to unions not to handle raw sugar imports for Tate & Lyle and for support from workers at the company's Greenoch and London refineries, who would be asked to continue producing sugar but prevent it from leaving those sites.

Further options involve requests to Greenoch and London refinery workers not to increase production above existing levels and requests to unions in the food manufacturing industries not to handle goods such as starch, sugar and glucose produced by the company.

The programme consists of a series of options which the stewards say might be implemented but at the moment they are holding back from sympathetic industrial action. As yet the requests have not been put to workers at the Greenoch and London refineries.

Greenoch shop stewards attended the meeting of Liverpool stewards—who represent a number of unions—yesterday. But representatives of the London refinery who were also expected to attend were absent.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union, who is today due to meet Lord Jellico, Tate & Lyle chairman, about the closure is being asked to tell the company it should withdraw severance notices already sent

The company said it could not afford further losses on some of its operations

## TUC claims 3m are unemployed

BRITAIN'S unemployment figures have already topped 3m, the TUC claimed yesterday.

A TUC educational document says the official figures understate the crisis. If allowances were made for unemployed married women who have not registered and for people who lost their jobs just before retirement—and if the 200,000 on short time were counted as equal to 140,000 jobless—then the real total reached 3m last August.

The document entitled "Unemployment: the fight for TUC alternatives," calls for more public spending.

## Five print unions in merger moves

BY JOHN LLOYD, LABOUR CORRESPONDENT

MERGER MOVES among the five print unions are well advanced, and most of the union leaders expect at least two amalgamations or take-overs this year.

A number of interlocking intiatives will be made over the next few months. These will include:

● a meeting of the general secretaries of the two general print unions—the Society of Graphical and Allied Trades (206,000 members) and the National Society of Operative Printers, Graphical and Media Personnel (54,000)—on February 24, to discuss a merger in outline. They will be acompanied by about eight members from their executive committees.

If these talks are successful, a further meeting between the full executives of both unions, will then take place.

● a special delegate conference of SLADE, the designers' and engravers' union (25,000) will discuss a merger with the National Graphical Association (111,000) on March 14. If as expected — the conference approves a merger, there will be a ballot of the union's members. The NGA has already agreed to a merger with the smaller union but it has to be decided whether this will be an amalgamation or a transfer of engagements from SLADE

● The NGA and NATSOPA already have in existence a joint committee dealing with new technology and manning issues. Both they and the other print unions see this as a medium for closer co-operation, leading to merger talks.

If all these moves succeed, and similar initaitives have failed before, officials expect the two general unions and the two craft unions will merge later this year, and a merger between the two new blocs may be on the cards.

The fifth print union—the National Union of Journalists—is not yet included in this scheme of things. Mr. Ken Ashton, the union's general secretary, has been sceptical of the value of a merger and pointed out to his print colleagues last week that there were no merger resolutions on the NUJ's conference agenda for April.

## Craft men accused of stalling over Grain Isle peace formula

BY OUR LABOUR CORRESPONDENT

TWO CRAFT UNIONS involved in the inter-union dispute at the Isle of Grain power station construction site were accused yesterday of paying only "lip service" to the TUC formula designed to end the row.

In making the accusation, Mr. Frank Cottam, national officer for the General and Municipal Workers Union, said the only obstacle to a settlement was the removal of 54 trainee laggers from insulation work on the station's No. 1 unit, work normally done by GMWU members.

"These people were introduced by other unions—the Amalgamated Union of Engineering Workers (construction section) and the Electrical and Plumbing Trades Union—but the TUC formula provides for their removal and for work on the station's unit one to be completed by GMWU engineers."

Mr. Cottam said the GMWU had agreed with contractors belonging to the Thermal Insulation Contractors Association that work could begin on No. 3 unit when the trainees were removed from No. 1 unit.

He said further delay could result in jobs being lost on the site, since insulation work on No. 3 unit was now almost ready to begin and no agreement was yet in sight.

Another meeting aimed at breaking the impasse between the GMWU, the AUEW construction section, the EPTU and the Central Electricity Generating Board—the station's client—is to be arranged soon by Mr. Len Murray, the TUC general secretary.

The GMWU is angered by what it sees as a failure of the craft unions to withdraw the trainee laggers, while the AUEW and the EPTU, which represent the craft unions, argue that the trainees must be redeployed or given large cash sums to leave.

The two sides remain, in most respects, in the same position as before the formula was accepted. Both sides say their members' interests would be too deeply harmed if they compromise any more.

## Rescue call for chemical plants

BY OUR LABOUR STAFF

A TEN-POINT plan for improving the financial and productive health of the chemicals industry was put forward yesterday by the General and Municipal Workers Union.

The programme includes greater harnessing of North Sea feedstocks, stepping up modernisation programmes, planning agreements on jobs and investment and "planned trade," including import controls.

The union is also calling for a greater role for the British National Oil Corporation in developing the use of North Sea feedstocks, a strengthened industrial training board and expanded Government training and education programmes.

In general, the union argues that greater Government support and increased investment from within chemical companies is necessary to help the industry pull out of "the worst slump of its post war history."

Mr. David Warburton, the GMWU's national officer for the industry said at the start of the union's annual chemicals conference yesterday that in his view, chemical workers should curb overtime in all companies which sought to reduce their workforces.

"We can no longer avoid that option if we are to respond to the principle of a worker's right to work in a positive and effective way," he said.

Manual unions at ICI have ben operating some form of overtime ban at that company although it is unclear what support it has received and what effect it is having, partly because the company was already reducing systematic overtime.

● Paint manufacturing companies have agreed a deal worth 13 per cent on national minimum scales and a 39-hour week in November this year.

## Bank staff seek job safety deal

By Our Labour Staff

A PROPOSED job security agreement, which would include a special cash fund for employees from money saved through the introduction of new equipment, has been submitted to Midland Bank by the Association of Scientific, Technical and Managerial Staffs.

The union said yesterday that 20,000 jobs out of the total bank employment of 52,000 could be lost in the next decade because of technological change.

It is seeking a joint union-management committee on job security and a report from it within a year on the feasibility of a three-day or four-day working week with sabbaticals and early voluntary retirement.

Money in the special fund would be used for lump sum payments for staff taking voluntary retirement as well as providing further improvements in salaries and working conditions.

Midland Bank, which has about 6,000 ASTMS members, said yesterday that the union had no evidence to substantiate the claim on the size of possible job losses and had not produced any. It was "deliberately trying to cause alarm."

ASTMS has also submitted a pay claim for across-the-board rises of 26 per cent for clerical, and technical and services staff.

● The Banking, Insurance and Finance Union yesterday fixed a 20 per cent claim for staff in the Bank of Scotland, the Royal Bank of Scotland and the Clydesdale Bank.

## Left-wing move on Civil Service pay

By Philip Bassett, Labour Staff

LEFT-WINGERS in the Civil and Public Services Association will this week try to commit the union to giving six months' notice of withdrawal from the Civil Service's system of pay comparability.

Though the Government has suspended for this year the pay agreement based on the Pay Research system the result of motions before a special CPSA conference on pay on Thursday could help decide whether the system will be reactivated for next year's deal.

The union's executive recommends that the motions for withdrawal be rejected. Instead, the right-wing dominated executive argues that the union should campaign for the full restoration of pay research and in particular for guarantees of its independence. This independence was thrown into doubt when the pay research unit was termed "an arm of Government" in a recent High Court judgment on Civil Service pay.

For the settlement—due in April—which will be subject to a cash limit figure expected to be about 6 per cent, the executive is proposing a common all-union Civil Service claim of 15-20 per cent with an underpinning flat minimum increase to help the lower paid.

The executive says in a conference document that "the members have little choice but to prepare for industrial action." Motions before the conference call for the union to avoid taking one-day strikes over pay this year and for a secret ballot before strike action.

The second-largest union, the Society of Civil and Public Servants, is tomorrow expected to approve a 19 per cent claim

## Water workers threaten strike

WATER INDUSTRY workers in Wales belonging to the National Union of Public Employees voted overwhelmingly to strike next month unless water authorities improved their 7.9 per cent pay offer.

Mr. Steve King, NUPE assistant divisional officer, said after a delegate meeting at Newtown, Powys, that a strike would be averted only if the management offered about £20 a week extra bringing pay up to £80 a week.

# Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

## Helps sailors watch the weather

A WEATHER AID for yachtsmen and other seafarers, introduced by Weatherwatch, Fordingbridge, Hants (0725 20386), is claimed to link a built-in radio receiver with a cassette tape recorder, both controlled by a microprocessor, to give up-to-the-minute information on the latest weather at sea.

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The floor of the vehicle can be specially fitted to hold the user's feet or artificial limbs in a particular position. All controls can be operated with one hand, and the starter, speed switch and hand-brake can be installed at either side. The 12-volt battery has a life of 5-7 hours continuous travel and is recharged at night from domestic mains.

LORE DANIEL

## Strengthens walls

A FIXING system called Hemax 63 is being offered for the rectification of instability in cavity walls caused by the omission of wall ties or failure of the latter.

Instead of expensive re-building work it is only necessary to drill through one skin and partly into the other from one side of the wall. The system has been devised by Harris and Edgar of Progress Works, 222 Purley Way, Croydon, Surrey, and it consists of two expanding shells connected by a threaded rod.

The shells are fixed one to each side of the cavity and then locked tight to tie the two skins together.

## Keeping platers' cash out of the drains

BY GEOFFREY CHARLISH

A UK-DEVELOPED plating effluent metal reclamation system called Chemelec is beginning to save the country's 4,000 electroplating plants many thousands of pounds each year and is helping to keep toxic chemicals out of the drains and sewage works at the same time.

This compact device—about the size of a domestic water tank—has been some years in development at the Electricity Council's research centre at Capenhurst and has been introduced to the market by Bewt (Water Engineers) of Alcester, Warwickshire, part of the £80m turnover Rush and Tompkins group.

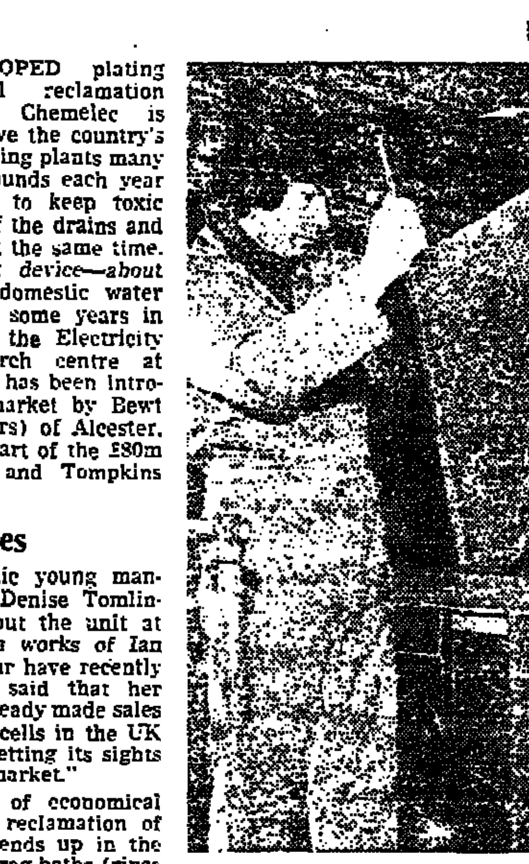
### Export hopes

Bewt's dynamic young managing director, Denise Tomlinson, talking about the unit at the Birmingham works of Ian Heath where four have recently been installed, said that her company had already made sales of 40 Chemelec cells in the UK and was "now setting its sights on the export market."

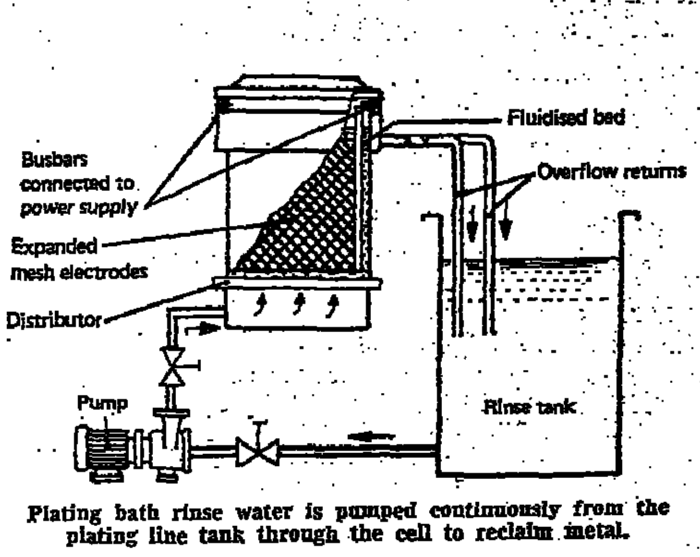
The problem of economical and convenient reclamation of the metal that ends up in the solution in the drag baths (rinse baths) has been with the industry for many years and centres around the very low concentration of salts.

Ian Heath, the Birmingham giftware electroplaters, had already tried a chemical treatment for silver reclamation which, while producing an acceptable effluent (that is, one that met the requirements of the Severn Trent Water Authority), reclaimed only a small proportion of the valuable metal. Furthermore, the recovered material was in the form of silver chloride which itself had to be processed to recover the silver and was therefore of substantially lower value. There were also chemical reagent, bulk solid transport and labour costs to be met.

The Chemelec cells allow the same technique as that used in plating itself to be employed—electrolytic deposition on the cathode. This has previously been unsatisfactory because deposition rates are low unless fresh solution can be kept continuously and reliably in contact with electrodes. In a static solution the metal ions become depleted near the cathode and are replaced only slowly by diffusions from the bulk of the fluid.



Removing a loaded silver mesh from the Chemelec cell.




Plating bath rinse water is pumped continuously from the plating line tank through the cell to reclaim metal.

Capenhurst's answer was to make use of a continuously circulating pumped circuit in which solution moves upwards from the bottom of the cell through a porous distributor and through a bed of tiny glass spheres.

At switch-on the spheres rise up to give a fluidised bed effect throughout the container. The cathodes in the cell are made from expanded metal and the turbulence of the glass bead/solution system brings fresh metal ions into constant contact with the mesh.

Electrolyte (pumped from the first rinse tank of the plating plant) leaves the cell over a weir at the top and is returned to the same tank. The process is continuous and the solution has a constant metal concentration of 100 to 250 ppm.

At weekends with the plant idle, the solution can be processed to absolute minimum content of metal and then discharged to the drains.

### Removal rates

Up to six double cathodes of mesh, each about 2 ft square, in a typical plating installation in which the metal concentration in the static rinse tank is about 100 ppm, will result in removal rates in grams/hour of 350 for silver, 400 for gold, 120 for copper and 120 for cadmium. The system is not effective with chromium.

Running costs of the cell depend on the metal being recovered and the concentration. But to recover one kilogram of metal the electrolytic consumption is between 6 and 10 kWh and for pumping between 1.5 and 10 kWh. This is no more than about £1 of electricity, whereas the price of silver at the moment is about £200/kg.

Ian Heath had a stroke of luck in that, shortly after installing the first Chemelec cell the "Bunker Hunt phenomenon" took place, silver went to £695/kg and within eight weeks the installation had paid for itself.

An important advantage of Chemelec is that a particularly robust deposit of metal is plated on to the mesh cathodes so that when they have put on 10 to 15 kg they can be removed and used straight away as anodes in the plating plant itself.

Denise Tomlinson believes that these techniques will become more and more important as mineral resources get scarcer and environmental laws tighten up. Already legislation has severely limited the number of sludge disposal sites, putting up the cost of disposal.

The presence of dissolved metal salts in effluent streams has always been discouraged by the water authorities—many are toxic to aquatic organisms, cadmium perhaps being the most objectionable.

Removal of such metals from the drains would in turn keep them out of sewage plants where they can inhibit the aerobic and anarerobic processes which break the material down. In addition, toxic metals make the disposal of sewage sludge on to agricultural land difficult or impossible.

These factors can only increase the cost of sewage disposal, which must ultimately be reflected in the price industry pays for the service.



## Will handle complex functions

SAMPLE QUANTITIES are now available of Zilog's Z-UPC, an intelligent chip-based device designed for distributed processing and multi-tasking applications in peripheral control.

The Z-UPC, based on the architecture and instruction set of the Z8 single chip computer, assumes tasks traditionally performed by the host processor such as arithmetic, translation and formatting of data, and control of input/output devices.

It answers a growing demand for general purpose distributed processors to handle more complex input/output functions—a demand that has been generated by the increasing power of high-end microprocessors such as the Z8000 central processor and by the complexity of the peripheral devices with which they work.

Z-UPC has 2000 bytes of internal program read-only memory, a 256 byte register file and three programmable eight bit input output ports. Zilog is on 0628 36131.

## NEWS IN BRIEF

### STENCIL CUTTER

STENCILS CAN be cut in flexible oiled boards or plastics sheets with the aid of an electric stencil cutting machine marketed by Lawtons of 60, Vauxhall Road, Liverpool, L69 3AU (051-227 1212).

No special skill is needed to operate the machine, the operator merely selecting each letter by turning a dial and then pressing a lever to activate the cutting action.

Machines are also available with Russian, Greek, Hebrew and Arabic characters and if required special markings can be incorporated.

### MEMORY

FROM General Instrument Microelectronics comes an electrically alterable read only memory (EAROM) which is aimed at microcomputer applications that need a small memory and where ease of use and speed are important.

The device is the first in a proposed line of N-channel NMOS products. Designated ER4201, the circuit has a 128 x 8 bit capacity, works at five volts in its read mode and offers an access time of 350 nanoseconds maximum. Like all EAROMS—their main advantage—the unit has in in-circuit electrical word alterability, with on-board address, mode and data latching. Each time the memory is reprogrammed, the contents will remain intact for 10 years with no power supply. More on 01-439 1891.

### STABILISATION

LOCAL AUTHORITIES and the construction and civil engineering industries can benefit from the Autojet concrete spraying process which can be used for stabilising sloping ground, embankments, cuttings and cliff and rock faces.

This promises an inexpensive method of preventing loose surface materials from sliding down on to highways, footpaths, railways and buildings. It can also assist in controlling water seepage from exposed rock strata or give an attractive rough cast or pebble dash finish to buildings and structures.

The process is also recommended for carrying out routine and emergency repairs, says Hoben Davis, Spencroft Road, Holditch Industrial Estate, Newcastle-under-Lyme, Staffs. (0782 622285).

### SCHOLARSHIPS

THE Construction Research Trust Fund has announced a number of further travel scholarships and welcomes additional requests for future travel scholarships from young engineers and scientists in the construction industry.

The fund was created with surplus money from the 1975 Rilem Fibre Reinforced Cement Congress in Edinburgh and offers financial aid up to £500 maximum for journeys either to or from the UK for participants attending international meetings or study tours on construction research.

It will also consider underwriting RILEM conferences and symposia in the UK, subject to conditions imposed by its trustees. Details from V. Dembo, Building Research Establishment, Garston, Watford, Herts. (Garston 74040).

### PACKAGING

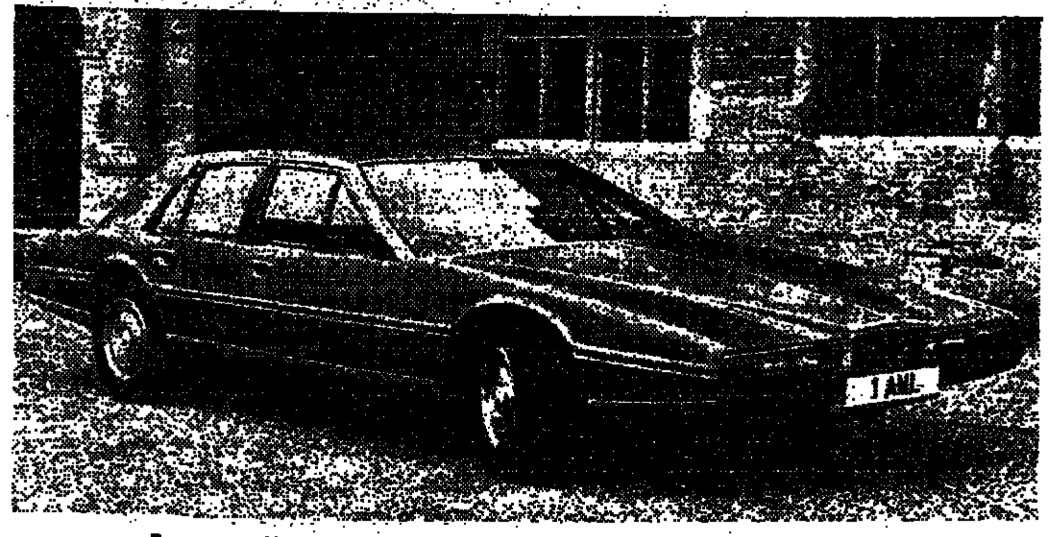
MANY MAIL order products are sent on approval and, inevitably, some are returned. They may, however, be repacked so badly that they can suffer damage in transit, thus resulting in a loss to the maker.

Making sure that electric kettles despatched from or sent back to the Littlewoods Organisation mail order division stay in tip-top conditon is a transit pack from Bowater Containers of Manchester.

Made from twin-wall corrugated fibreboard, the case is tape sealed at each end for maximum security and includes two simple internal fittings which can be used with all kettle shapes and sizes.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Exports to the U.S. of the £50,000 Aston Martin Lagonda should start within a year

# Aston Martin goes in for another rebuild

**John Griffiths analyses the car-maker's latest rescue strategy**

THE DAYS of Aston Martin as a manufacturer only of a limited number of exclusive, expensive and extremely fast luxury cars, may be drawing to a close.

They will do so if the plans set in train by its new managing director, John Symonds, and the company's latest owners—Pace Petroleum and the CH Industrials group—come to fruition.

Under them, the Aston Martin company of the future would earn a substantial portion of its revenue from selling expertise to others in the motor industry. Another large slice would come from the "Astonising" of cars produced by other manufacturers.

"Over the next two years, the major percentage of our earnings will be from the existing cars," said Symonds. "After that?—it all depends on the capabilities we have shown in the other fields."

Indicative of Aston's thinking is the possibility that the Newport Pagnell based company may produce an Aston Metro—a high performance, very luxuriously equipped version of BL's Longbridge-built model. Symonds is quick to say that there is "nothing specific" on such a project.

## Negotiate

"But we've got a lot of thoughts on a lot of products, and some very exciting projects on the stocks."

For a company with high fixed overheads and a hitherto small output that has given it little muscle to negotiate with suppliers, the enhancing of other manufacturers' cars makes sound sense. It provides extra throughput to help defray overheads and the opportunity to build in substantial added value without the capital expense of developing its own model.

As regards marketing the company's expertise Symonds says: "We have no hang-ups whatsoever about the matter—we are fully intent on following the route taken by Porsche and Lotus."

Porsche, in particular, has had major success in this field with its R and D work for outsiders now accounting for more than 25 per cent of turnover.

"We have both a very high level of expertise and one of the most integrated operations in the business," says Symonds. "We are having lots of discussions with lots of people and the process started with the Bulldog (a £150,000 200-mile-an-hour prototype produced last year as an illustration of Aston's abilities) is now starting to pay off."

Aston has a genuinely proud history of making exciting luxury sporting cars which stretches back over nearly 70 years. But it also has a history of equally exciting financial cliff-hanging that is only about 10 years younger.

It had its first brush with the Receiver in 1924, when Lord Charnwood rescued it. Since then, a succession of individuals, spurred by their enthusiasm for the car in general, and Astons in particular, have pumped in funds, reorganised the company, occasionally brought out new models—and departed, usually out of pocket.

Earlier this month, Aston's eighth owners were getting their feet under the desks at the elegant 19th-century former private house which now serves as the administrative HQ in front of the untidy cluster of factory buildings in which Astons are made.

This time, the changeover is not taking place in the atmosphere of crisis which prevailed in 1975 when U.S. businessman Peter Sprague and Alan Curtis, co-chairmen until January 12, rescued AM from liquidation with a £1m takeover.

But the question of whether the newcomers can take Aston Martin at last into a truly stable and viable long-term future, or wheher it will at some stage once again be looking for more funds and new backers, is an inevitable one.

Not unnaturally, Victor Gauntlett, chairman and owner of the Pace Petroleum Organisation, now AM's executive chairman, and Tim Hearley, chairman of the C.H. Industrials group—who becomes non-executive chairman—believe their acquisition does have a future.

Each company now holds 47.78 per cent of the shares, with the balance held by Peter Cadbury, former chairman of Westward Television.

There are two noticeable differences between this and former takeovers. First, Hearley has gone into the deal with an awareness that in the coming months he will have CH Industrials' shareholders peering closely over his shoulder. Aston Martin's previous rescuers have been answerable only to themselves.

Second, neither group is moving in "cold"—in May last year Pace took an 11.6 per cent stake and CH Industrials one of 20.9 per cent.

At that time CH Industrials' stake cost it £450,000. Then, AML's takeover of MG was on the cards—seemingly providing an obvious outlet for the car trim products which are a main plank of CH's activities. With that dead, about the only beneficiary of the link would be AML; volumes would be too small to benefit CH particularly.

This was not, Healey makes clear, a factor in deciding to retain, and expand its AML share. The second, larger holding was obtained much more cheaply than the first—£180,000 with repayments starting in January next year and in any case to be spread over five years. For gaining control at a time when AML could be considered at the bottom of a cyclical trough, it was hardly a crippling price to pay—especially with the prospect of additional projects in lieu of MG.

While no immediate sweeping changes are envisaged, Hearley makes plain the intention to tighten financial and management controls. While past rescuers have tended to be enthusiastic individuals, "as a public company we have to be rater more dedicated to profit. Proper management can bring discipline, and a disciplined approach to problems. If you're running the company purely as a hobby, the financial disciplines don't necessarily apply."

## Disciplined

Hearley says he cannot recall a time when Aston Martin has been run with substantial resources. "We're not saying our approach will guarantee success. But we are taking a hard look at the situation. We do think we have a good chance—Aston Martin for the first time will be operating in a disciplined, corporate environment."

Each man's company now has about £650,000 staked in Aston Martin, plus the inevitable commitment to further finance for development programmes. Each man brings different, but complementary skills.

Victor Gauntlett, now 38, is an ex-RAF pilot whose career to date has been spent in oil industry marketing, first with BP, then with Compagnie Francaise des Petroles. In the late 1960s CFP transferred him from Paris to the UK to run one of the four regional operations of its subsidiary, Total. With the necessary expertise and market knowledge under his belt, he set up Pace Petroleum in 1972 with £100 and a partner, Digby Blackiston, who last year left Pace to fulfil his own ambition to farm in Wales.

## Intimidate

Pace, with 400 South of England retail petrol outlets and expected profits of £4m on £35m turnover in the current year, is now Britain's largest independent supplier. Last year was a particularly good one, says Gauntlett, and made the Aston Martin venture possible.

The fact that he is now sitting in the hot seat of a manufacturing company, with nil manufacturing experience, does not appear to intimidate him. "Imposing the basic business disciplines are the main priorities," he suggests. In particular, he will take direct hold of Aston Martin's marketing policy, and with Hearley will be examining production "to make sure it is being done as cheaply as possible commensurate with quality."

Tim Hearley's background is rather different. An Oxford physics graduate, he started working life as a consulting engineer before becoming a stockbroker in the late 1960s. In the early 70s he became involved in the Coventry Hood company, which makes motor trim components, and had been built up by his wife's father, going public in 1964. He bought out various family shareholders—though the family still holds 25 per cent—moving rapidly from director to chairman and embarking on a diversification drive.

CH Industrials is now the holding company for activities which range from the original motor trim business to the manufacture of building products and synthetic foam. In its last full year it reported turnover of £16.7m and pre-tax profits of £1.18m, though this financial year's first half profits dropped to £135,000. The Aston investment represents about 10 per cent of net asset value.

He has continued his stockbroking activities: he is now with McAnally Montgomery, and is also a director of the Crouch property group.

The combination of Gauntlett's undoubted marketing flair and Hearley's manufacturing experience and rigorous approach to financial and management disciplines should bode well for Aston.

At the same time, a firmer grip on day-to-day management has been taken by John Symonds since his arrival during the past year as managing director.

The new owners are keen to stress that Aston has no immediate problems. The plant's 365 workers have been assured that there should be no further redundancies—100 lost their *jobs last year.*

## Disasters

Currently, however, carmaking is not profitable. Four cars a week are being made, against previous peaks of six to seven, and traditionally lengthy waiting periods — two years or more for the £50,000 Lagonda — have shrunk considerably. A Lagonda can be had within six months, the V8 Volante convertible in four or five.

Of the 60 Lagondas sold so far, 55 have gone to owners in the UK. But it is hoped that within a year exports will start to the U.S. if, as now looks possible, strict import and other safety legislation is relaxed for low-volume manufacturers.

Last year the company was in the red by a so far undisclosed amount on its turnover of about £8m. The year before, with the Lagonda starting to come right after all the disasters over its introduction — development cost five times the originally projected £300,000 — it made a profit, but of a shade under £100,000. Before it ran into the setbacks with the Lagonda, AML had made £395,000 in 1977.

Because exports used to account for about half of AML's production, there is in theory a huge amount of potential, in Europe, the Middle East and the U.S. which Gauntlett will make one of his main priorities to tap, despite all the constraints of a strong pound.

Once one gets into the true "supercar" bracket, there is in any case a certain inelasticity in demand for such products almost irrespective of the manner in which an economy is performing.

For a start, even in a recession, there still tend to be enough of the very rich around to mop up output of very exclusive cars. Taking the example of Rolls-Royce, while the UK car market last year was down by 11.8 per cent on 1979 and some volume manufacturers, such as Talbot, were in serious difficulties Rolls-Royce increased its share of the market from 0.8 to 0.9 per cent, while it actually sold 1,315 cars, only 32 fewer than in 1979. Rolls-Royce maintains that the rich still demand to drive something different.

And that is the particular cachet of Aston Martin.

AML's priority now is to step up productivity so as to lower the threshold at which marginal profitability—currently four cars a week—can be achieved. John Symonds says he believes that this year a 20 per cent improvement is realistic.

Of the inevitable scepticism surrounding this latest twist in the company's financial career, Gauntlett is philosophical. "We expect people to say we've heard it all before. But we all know the good times are coming. Having put Aston on as good a production and marketing base as possible, we should be able to bring it back without too much trauma."


# Full of Eastern promise —but handle with care

**Christopher Lorenz on the theory, practice and pitfalls of quality circles**

**Western businessmen have argued for years that Japanese management practices will not work in American and European companies. But in an attempt to improve employee motivation, productivity and quality, hundreds of them are now encouraging small groups of workers to band together in what the Japanese call "quality circles." Today's article is the second in a two-week series on this phenomenon, and its chances of success.**

BETTER quality manufacture, more reliable products, greater productivity, improved relations with highly-motivated employees. And attractive cost-savings into the bargain!

With all the claims that are made for "quality circles," you might be forgiven for seeing them as a cure-all. As with any other management innovation, you would be wrong.

First and foremost, quality circles will fail if top management treats them as a fashion, and loses interest after a few months or years. Not only that, but they stand little chance of taking root if they are transplanted into a corporate environment that is hostile to the practice of "open management." And even if the environment is right, the concept will fall flat if circles are not introduced with painstaking training, and the utmost sensitivity and care.

Even in Japan, the birthplace of quality circles, their development "has not been easy," says Naoto Sasaki, Professor of economics and industrial administration at Tokyo's Sophia University. Sasaki has been deeply involved in propagating quality circles in the West over the last 18 months. But he is no starry-eyed evangelist. Many circles in Japan have collapsed, he warns. "Almost always, management is behind the failures, through either a lack of interest, or too much intervention."

The chief western advocates of quality circles are equally at pains to point out the many pitfalls. For a start, "it's no good laying down circles as a dictum," says Jim Rooney, architect of the programme of "quality control groups" at the Rolls-Royce aero engine company. Their existence and membership must be voluntary, even if their creation is stimulated by top management.

Then there is the question of the reaction of the existing power structure. "The biggest single problem is middle managers," says Wayne Reiker, who regrets having failed to involve them sufficiently when he was pioneering quality circles at Lockheed. Even though quality circles give workers training in techniques which enable them to analyse problems, and even sometimes to resolve them on their own initiative, "It's crucial to impress on people that circles don't remove management's decision-power," says David Hutchins, one of Europe's leading consultants in quality circles.

Hutchins stresses that considerable effort must be devoted to the training of both foremen and circle members. "Circles developed quite naturally among the Japanese because of their participative style and their high level of employee training. In Europe and the U.S., however, one has to set up all sorts of mechanisms down through the organisation."

## Double-quick

You are doomed to failure, in other words, if you fall prey to the easy temptation of forcibly installing a pre-packaged quality circle formula in double-quick time. Handled with care, however, and adapted to suit the culture of country and company, your circles may yet achieve that multi-faceted eastern promise which has given so much benefit to Japanese industry.

Underlying the whole quality circle approach is an attitude to human behaviour which was gaining ground in the West well before the introduction of the first western circle in the mid 1970s: that the most effective way of motivating employees is to encourage them to use their intrinsic creative abilities, rather than to cajole them into a better performance by external stimulae, whether in the form of penalties or financial incentives.

This, in a nutshell, is the behavioural "Theory Y" propounded in America in the 1950s by an academic, Douglas McGregor, in contrast to what he dubbed the traditional "Theory X." In extreme terms Theory X sees people as essentially lazy and careless, and in need of continual motivation from outside if they are to be persuaded to do a good job of work.

It is the so-called "intrinsic" approach to motivation which clearly distances quality circles from most of the established western techniques for improving productivity, quality and employee involvement. And it is precisely because of this refreshing difference that some western companies are confident that circles will take root — and prove resilient — where previous techniques have failed, either from the very start or once their novelty has worn off.

"I don't believe you can still hope to introduce the older productivity approaches," says Eric Mackay, chief executive of the May and Baker chemicals group. "People will no longer respond —they are looking more to the quality of their working life."

At Rolls-Royce, Jim Rooney talks enthusiastically of "getting employees to use their brainpower, instead of just their fingers and muscles." And Jeff Beardsley, one of the original quality circle team at Lockheed and now a consultant, argues that they represent "a philosophical change in the way we manage people."

The trouble — and the attraction — is that quality circles not only reflect a challenging approach to motivation, but also a partial departure from the traditional Western pattern of work organisation, generally known as "Taylorism" after the American who at the turn of this century advocated breaking work into specialist functions in order to overcome the barrier of an illiterate, unskilled labour force.

The continued application of Taylorism to a modern industrial society has left a rich legacy which includes millions of demoralised assembly workers, and hundreds of thousands of dispossessed foremen, their role divided between specialist management departments on the one hand (including the "quality function") and union shop stewards on the other. A further side effect in many countries has been the mushrooming of inter-union demarcation lines.

The great strength of quality circles, in contrast, is their reliance on the foreman's leadership of a close-knit group of workers with direct access to both specialist and general management.

So quality circles represent a departure from traditional Western attitudes and organisational patterns in three key respects: they require individuals to operate together as a self-improvement team; they require most managements to adopt a new approach to employee communications and motivation; and they require management, workers and unions to permit the resurgence of the foreman in his new role of persuader, instead of policeman. In some cases, circles will also cut across established demarcation lines.

## Mistake

For some companies, bridging this culture gap may be too *tall an order.* But others, already questioning the effectiveness of their traditional management styles, or suffering from severe quality problems may be ready and able to make the leap.

The worst mistake any company can make, according to Jim Rooney, is to launch circles with "a blowing of trumpets and a clashing of cymbals." That will only raise expectations to falsely sky-high levels, and make it all the more likely that the quality circle bandwagon will run into the immovable barrier of human opposition.

*The first article in this series appeared on yesterday's Leader Page. The remainder will be published on the Management Page. Tomorrow: a comparison of quality circles with other motivation techniques.*

LOMBARD

# The Linwood saga —five years on

BY RAY PERMAN

ALMOST EXACTLY five years ago Mr. Willie Ross, then Scottish Secretary, was thumping the table in the Cabinet Room and threatening to resign in order to persuade the Labour Government against its initial instincts to rescue Chrysler UK. At stake were 25,000 jobs, a third of them at the Linwood plant in Scotland.

Five years on the names have changed. Chrysler is now Talbot, the Scottish Secretary is now Mr. George Younger, who is by temperament not a table thumper. But Linwood is still Linwood and recent events, when the Government called in Talbot's UK managing director to express its concern about the future of the plant, evoked a strong sense of deja vu.

## Cash

If Talbot's owner, the French group, Peugeot SA, does decide to pull out of UK car manufacturing altogether it is very unlikely that the Government would attempt a second full-scale rescue (a Labour government probably would not have done so either). But if it is merely a matter of cash to keep Linwood open Mr. Younger has already made it perfectly clear that he will dig to the bottom of his sporran.

The continued existence of the plant, the 4,600 jobs left there and thousands of others in the steel and components industries, rest on Peugeot's readiness to introduce a new model. Mr. Younger is willing to foot nearly a third of the bill to induce the French to go ahead, and if they turn him down he will scour the earth to find a buyer. No Labour Secretary of State could do more.

Yet his response seems entirely in character. Despite their supposedly non-interventionist philosophy the Conservatives have shown a marked reluctance to stand aloof from the problems of industry when there is a chance that a small manipulation of market forces or a soft loan or grant might stave off a closure or avert some redundancies.

Particularly in areas of high unemployment such as Scotland, the criteria this Government uses to decide whether or not it should intervene in the market place seem to bear a close resemblance to those used by the last. The success record also seems to be about the same.

Mr. Younger, for example, assumed Labour's clothes virtually from the day he took office in May, 1979, when he confirmed two initiatives taken by his predecessor. One, to cover the losses of Prestcold, which had factories in Glasgow, failed when no buyer came forward. The other, placing a speculative order with a Clyde oil rig yard, paid off when the rig was subsequently sold and the yard won more work.

Since then the Scottish Office has lent a sympathetic ear to a string of businessmen with a tale of woe to tell. It was ready to put up cash and twist the arms of the wood producers to help Wiggins Teape build a pulp mill and newsprint plant (although it did not come up with enough money and the plan was dropped), and it has been spending countless civil servant man hours trying to snatch the Scottish Development Agency's lame duck, Stonefield Vehicles, from the jaws of liquidation.

## Infallibility

These efforts are not some Scottish aberration. Sir Keith Joseph, the Industry Secretary, gave his consent to the Scottish Office proposal to prevent the National Enterprise Board's Ferranti shares being sold on the open market, and the Prime Minister herself ordered the RAF to forget about buying American passenger aircraft and place the contract instead with the British Aerospace factory in Mr. Younger's constituency of Ayr.

Unlike the last Government, this one cannot even cite rampant nationalism as a justification for saving Linwood; the Scottish National Party has been all but dormant since its drubbing at the general election. Union militancy has also been muted: there will be protests if the plant closes but no riots in the streets.

Faith in the infallibility of market forces should lead the Government to leave Linwood to its fate. But faith seems to be lacking.

# A reaction to over-priced burgundies

WINE

BY EDMUND PENNING-ROWSELL

THIS IS surely the most appropriate time of the year in which to drink burgundy, especially red burgundy. For in the colder weather the full-bodied fruitiness and embracing aroma are as gratifyingly warm to the mind as to the body.

Yet, with burgundy prices at their present high levels, one is forced to wonder how much burgundy is being drunk at home this winter: and when it is, whether stocks are being replenished.

The place of consumption is significant, for burgundies ordered in expensive restaurants may well ultimately be paid for other than by the person who has selected them; whereas he or she who draws the cork chez soi is nearly always the purchaser of the bottle. But in many such homes today there is certainly a feeling that burgundy of any quality has become unreasonably costly. Is this fair?

Such judgments may well be partly based on inability to face the fall in the value of our money, halved at least since 1975; but partly on comparisons with other wines: above all with Bordeaux, yet also with many drinkable wines from the Rhône, Italy, Spain and now, even, from California. It is right, however, to put the case for burgundy, excluding beaujolais, much of which is nearing the class of "fun-wine"—but at least it is not expensive.

If by burgundy, we mean the wines of the Côte d'Or, Chablis and the Chalonnais/Mâconnais, the first two have always been relatively costly, and in recent years the second pair, with certain exceptions, have tended to follow the Côtes d'Or up the prices ladder. Nevertheless burgundy has a good case for being dearer than its chief rival, bordeaux.

The basic figures tell the story. Bordeaux has approximately 75,000 ha of appellation contrôlée vineyards, with 25,000 growers; Burgundy has a little under 19,500 ha and 6,200 growers. Bordeaux's larger estates should mean more economical production, and there are also more part-time viticulturists living partly by other means, whereas Burgundy, with a higher financial return, probably has more exclusive growers, certainly in the Côte d'Or, where prices are highest. The average holding throughout the heavily parcelled area is only 3.7 ha.

The obvious result is that for the superior single-vineyard wines of village appellation, there is a limited supply for a wide demand. To take extreme examples, there are less than 30 ha of the relatively large combined Chambertin/Chambertin Clos de Bèze vineyard. Yet in Bordeaux, vineyards such as Lafite and Gruard-Larose run to 80 ha. apiece.

Nevertheless, if Burgundy can make out a good case for the high prices of its rarities, and substantial figures for its lower but still distinguished wines, this does not justify many of the present levels. At least the wine-drinking public does not think so, for recently there has been a sharp drop in sales, particularly among the vital exports, which account for 60 per cent of the total.

Four markets alone—the U.S., UK, Switzerland and Belgium/Luxembourg—take over 70 per cent in volume and value, and the greatest drop in demand has been in the first two, which in 1979 represented between them 45 per cent in volume and cash, though the U.S. imports dropped in volume by 35 per cent and our own were just 4 per cent up.

It is forecast that last year exports were down by about 30 per cent more. The essential role of Burgundy's exports has been pointed out recently by a leading Beaune merchant who reckoned that only 20 per cent of Côte d'Or grand cru and village wines could be absorbed on the home market, and that for the former the only existing market was the leading restaurants.

Much the same has been reported here, in the U.S. and in Belgium. Yet to survive on what must largely be volatile expense account buying is scarcely a happy prospect for the Burgundian growers and merchants.

Part of the reaction against burgundy is due to the belief that it is not now good value for money: a view underlined in Britain by our long practice, before EEC entry, of buying "non-appellation" burgundies. Whether that £1-or-so bottle of Nuits St.-Georges contained wine coming entirely from the environs of that nocturnal town is difficult now to establish, but the rise to the existing level of £7 or more for the AC label is no less steep

The poor-value-for-money view has been enhanced by the low quality of much burgundy. This is partly the result of the AC blanket-approval apparently given to indifferent wines, especially in poor years. Taken by most consumers as a direct guarantee of quality, in fact the AC system was mainly planned to help the growers and only secondarily the customers.

The "Age d'Or" of the Côte d'Or from after the last war until recently has encouraged over-production and the early maturing of red wines that lack the colour, body and longevity of traditionally made wines.

American demand for "authentic" domain burgundies stimulated many growers to produce early-drinkable red wines and often too-light whites. And in the days of the strong dollar, the Americans were prepared to pay high prices.

Many growers, too, were cushioned by the developing direct sale to passers-by and visitors from Belgium and Switzerland. In some villages this has been estimated as accounting for between 35 and 45 per cent of total output, but less now as prices mount.

Moreover, inevitable variations in the quality of vintages have scarcely been reflected in the price. After the successful '76s, the very poor '77s were no lower priced—in fact they were up 12 per cent at the Hospices de Beaune sale. Then the prolific, but very variable '79s were little less expensive than the exceptional, short-crop '78s.

And how much will the 17 per cent drop in overall prices at the last Hospices auction—and 21½ per cent for the reds—affect the 1980 prices?

With no great buyers' enthusiasm for the highly priced '79s, it is not surprising that last August, the end of the wine year, growers' stocks were 30 per cent up on 12 months earlier. A senior Côte d'Or merchant, remembering the pre-war difficulty of selling very limited quantities of fine burgundies at home and abroad, stated that he was "astonished that 'grande bourgogne' was capable of producing in a good year or bad 150,000 casks of easily-sold wine."

It should not be thought that "old-time" burgundy was necessarily better than today's. For great advances have been made in vineyard and cellar; nor should it be believed that the AC regulations have not in general been highly beneficial. But then technical developments have not been confined to Burgundy, as can be noted from California, whose wines were unknown outside the U.S. a generation ago.

The answer to these problems lies in reducing output when quality does not justify more than a modest yield, in making more full-bodied, but not over-sugared red wines that last longer, and white wines of more character, and in a readiness to adjust prices to what burgundy drinkers will pay.

There should be more honesty, too, about the quality of the latest vintage, and not, as happened in Beaune last November, a prominent grower describing the modest 1980s as "almost a great year" for white burgundies.

In Burgundy the top names must always be expensive, though not as dear as they are now. But the "village" wines such Gevrey-Chambertin, Beaune, Volnay and Santenay should be accessible in money terms to serious wine drinkers. For they are, after all, among the finest and incomparable red wines of the world.

# Holsten increases sponsorship

RACING

BY DOMINIC WIGAN

HOLSTEN DISTRIBUTORS, the UK marketing organisation for Holsten Diat Pils and Holsten Export, are to increase their racing sponsorship commitment substantially in 1981.

The most significant Holsten addition is three races at Newmarket on May 16, "Holsten Day." They are the £10,000 Holsten Diat Pils Handicap, the £5,000 Holsten Export Lager Handicap and the £3,000 Pils from Holsten Stakes.

As expected, Holsten has spread its sponsorship package as wide as possible geographically. The company will sponsor at Stratford, Southwell, Chepstow, Newmarket, Beverley, Doncaster, Ayr and Kempton.

This afternoon at Nottingham two smart performers who fell last time out—Leirum and Major Thompson—will be out to retrieve their reputations in the Bonnington Handicap Chase over two miles.

It may well be a closely fought affair, but I have no hesitation in siding with Little Owl's stable companion, Major Thompson, who was one of the two or three best young hurdlers around in the 1978-79 season. Had he not met the final fence all wrong in the Rufforth Chase at Weatherby on December 2, Major Thompson would almost certainly have given the winner, Bannow Breeze, 6 lbs and a beating. The only other runners in this afternoon's line up are Marshelstown, Hazy Isle, and Prince Kumar VI, who looks outclassed.

Thirty minutes before the Bonnington, all eyes will be on Franciscus in the opening division of the Stop Gap Four-Year-Old Hurdle. Franciscus, a 33-1 chance for the Daily Express Triumph Hurdle on March 19 won in the style of a high-class recruit at Cheltenham recently and many will be shocked if he does not comfortably dispose of his rivals here. He should win, but I suspect that Esal Boy, beaten in a seller last time out, will show much improved form and provide a serious threat to the favourite. Later in the afternoon Danhagen is expected to complete a double for Franciscus's handler, Alan Jarvis. Although Franciscus is to be partnered by the champion jockey elec, John Francome, Tommy Carmody will be aboard Danhagen.

NOTTINGHAM

1.00—Esal Boy*

1.30—Major Thompson***

2.00—Danhagen**

# TV/Radio

† Indicates programme in black and white

## BBC 1

9.05 am For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Fingerbobs. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 Undercover Elephant. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 Grange Hill.

5.40 News

5.55 Nationwide (London and South East only)

6.17 Nationwide

6.40 Rolf Harris Cartoon Time (London and South East only)

7.10 Taxi

7.35 Six of the Best: Colditz

8.30 Seconds Out

9.00 News

9.25 "Dear Brutus," comedy by J. M. Barrie

10.45 Omnibus (portrait of ballerina Lynn Seymour)

11.45-11.50 News Headlines

All Regions as BBC1 except as follows:

BBC Cymru/Wales—11.38-12.03 pm Dechrau Siarad. 5.10-5.40 Bilidowcar. 5.55-6.17 Wales Today. 7.10 Heddiw. 7.30 Pobol y Cwm. 8.00-9.00 The Superstars. 11.45 News Headlines. News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.17 Reporting Scotland. 6.40-7.10 Indoor Bowls. 10.45 Current Account. 11.15 Omnibus. 12.05 am News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.17 Scene Around Six. 6.40-7.10 As I Roved Out. 11.45 News Headlines. News and Weather for Northern Ireland.

England—5.55-6.17 pm Look East (Norwich): Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth). 6.40-7.15 East (Norwich)—The Siege of Colchester: Midlands (Birmingham) — Know Your Place: North (Leeds)—Hometown; North East (Newcastle)—Heroes: North West (Manchester)—Sit Thi Deawn: South (Southampton)—Support Your Local . . . Movies: South West (Plymouth)—The Music Quiz: West (Bristol) RPM.

## BBC 2

10.00 am Business World

11.00 Play School

11.25 Speak for Yourself

2.30 pm Roads to Conflict

3.00 Illusions of Reality

3.30 Living City

†5.40 Harold Lloyd in "Safety Last" and "Hey There"

6.05 The Deceivers

6.35 Under Sail

6.50 News Summary

†6.55 Tuesday Western, "My Darling Clementine" starring Henry Fonda, Linda Darnell and Victor Mature

8.30 Russell Harty

9.00 Pot Black 81

9.25 Ireland: A Television History

10.20 Jake Thackray and Songs

10.50 Newsnight

BBC2 Scotland only—4.20-4.40 pm Bzzz (for Children).

## LONDON

9.30 am Schools Programmes. 12.00 Jamie and the Magic Torch. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 The Mallens. 3.45 Unforgettable. 4.15 Dr. Snuggles. 4.20 Take a Chance. 4.45 Ace. 5.15 Emmerdale Farm.

5.45 News

6.00 Thames News

6.25 Help!

6.35 Crossroads

7.00 Looks Familiar

7.30 Ballyskillen Opera House

8.00 Sapphire and Steel

8.30 George and Mildred

9.00 Cover

10.00 News

10.30 Midweek Sports Special.

11.30 Superstar Profile.

12.25 am Close: Sit up and Listen with the Rt. Hon. George Thomas, MP.

All IBA Regions as London except at the following times:—

## ANGLIA

12.30 pm Out of Town. 1.20 Anglia News. 3.45 Looks Familiar. 6.00 About Anglia. 7.00 Unforgettable (Billy J. Kramer/Craig Douglas). 12.00 Jacques Loussier.

## ATV

12.30 pm Gardening Today. 1.20 ATV News. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 12.05 am ATV News. 12.10 Late Night Country Music (Dolly Parton).

## BORDER

1.20 pm Border News. 3.45 Looks Familiar. 5.15 The Electric Theatre Show. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.00 Border News Summary.

## CHANNEL

12.20 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and weather. 3.45 Looks Familiar. 5.15 Emmerdale Farm. 6.00 Channel Report. 7.00 Brooks Tour. 10.23 Channel Late News. 12.00 Commentaires et Previsions Meteorologiques.

## GRAMPIAN

9.25 am First Thing. 12.30 pm Simply Sewing. 1.20 North News. 3.45 Looks Familiar. 6.00 North Tonight. 7.00 Welcome to the Ceilidh. 12.00 Reflections. 12.05 am Musical Special. 12.35 North Headlines.

## GRANADA

1.20 pm Granada Reports. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 Emmerdale Farm. 12.00 After All That, This. 12.10 am Police Surgeon.

## HTV

12.30 pm Play It Again: Tony Bilbow talks to Bernard Manning. 1.20 HTV News. 3.45 Looks Familiar. 5.15 Crazy Cruise. 5.20 Crossroads. 6.00 Report West. 6.30 Definition. 7.00 Emmerdale Farm. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except:—9.47-10.02 am Wales and the Sea. 10.48-11.03 Believe It Or Not. 12.00 Poli a Pil. 12.05-12.10 pm Cylmoro. 4.15-4.45 Gwesty Gwirion. 6.00 Y Dydd. 6.15-6.30 Report Wales.

## SCOTTISH

12.30 pm Gardening Today. 1.20 News Headlines and road and weather report. 3.45 Looks Familiar. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 12.00 Late Call. 12.05 am Three's Company.

## SOUTHERN

1.20 pm Southern News. 3.45 Looks Familiar. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm.

## TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 12.00 A Farm. 10.29 Ulster weather. 12.00 Sentimental Journey.

## ULSTER

1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Bedtime.

## WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 3.45 Looks Familiar. 5.15 Emmerdale Farm. 6.00 Westward Diary. 7.00 Brooks. 10.31 Westward Late News. 12.05 am Faith for Life. 12.10 West Country weather and shipping forecast.

## YORKSHIRE

12.30 pm Looks Familiar. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 In Loving Memory. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 The Entertainers.

(S) Stereophonic broadcast
‡Medium wave

## RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Steve Wright. 2.32 Dave Lee Travis. 4.32 Peter Powell. 7.00 Talkabout. 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

## RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 The Leading Ladies (S). 9.30 Glamorous Nights (S). 9.55 Sports Desk. 10.02 The Law Game. 10.30 Funny You Should Ask. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

## RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Rimsky-Korsakov (S). 10.00 Soprano, Clarinet and Piano (S). 10.55 Edinburgh String Quartet (S). 11.45 Choral Suites from Two English Operas (S). 12.15 pm BBC Welsh Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra, part 2 (S). 2.20 Bartok's First String Quartet (S). 2.50 Liszt the Progressive (S). 3.40 Ancient and Modern (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 A Mozart Pilgrimage (S). 7.30 "Cosi Fan Tutte," opera in two acts by Mozart direct from the Royal Opera House Covent Garden: Act 1 (S). 9.00 The Eternal Husband by Dostoyevsky. 9.20 Cosi Fan Tutte Act 2 (S). 11.00 News. 11.05-11.15 Szymanowski: orchestrated by Fitelberg (S).

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way visits Whittlebury, Northants. 12.55 Weather: Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 The Good Soldier Svejk by Jaroslav Hasek (S). 4.00 Borderlands. 4.15 Not Just Dots On a Washing Line. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Blackwood's Magazine (1817-1980). 8.35 Voices in Harmony (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Earthsearch by James Follet (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time from The House of Commons. 9.00-5.00 am Join Radio 2.

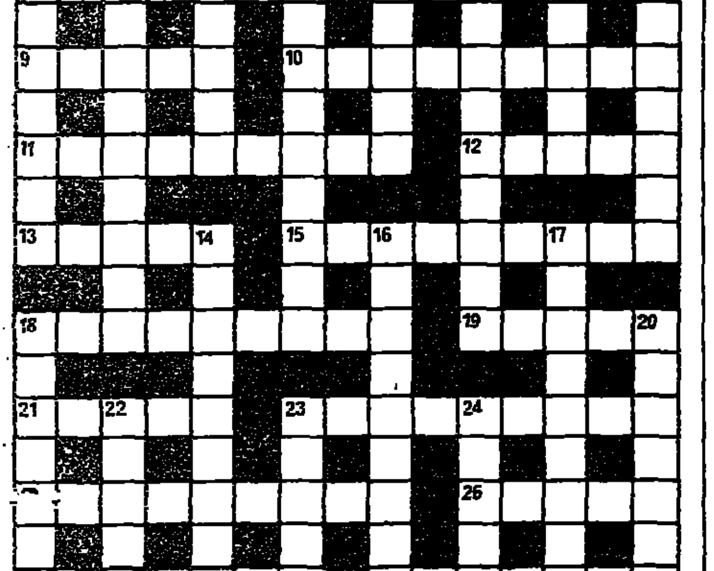
## London Broadcasting

6.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Holiday Sunday. 5.00 Morning Music.

## Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene continued. 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight

# F.T. CROSSWORD PUZZLE No. 4,479



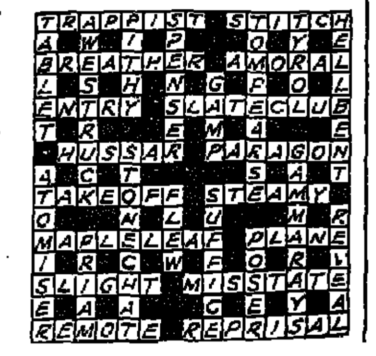
ACROSS

1 Money put down is returned in storehouse (7)
5 Cash fit to be changed for a swimmer (7)
9 Go wrong or make a mistake (5)
10 A piece added without stress (9)
11 Check guard with accurate timer (4-5)
12 Still but free to accept soldier (5)
13 Cook in right oven (5)
15 Reaching the same level with adequate fish (9)
18 Gave away current short edition (9)
19 Proverbially hard and loud dressing (5)
21 A branch to dash into us (5)
23 Friend and officer in front of division (9)
25 Soldiers present, but returning at intervals (9)
26 Magnificent as a piano may be (5)
27 Gave out and gave in (7)
28 Due to accept engineers with ship in imprisonment (7)

DOWN

1 Unit of furniture that's useful backstage (7)
2 Filter through pass taken in (9)
3 Tube for sucking up a trifle (5)
4 Pleasure excursion people take initially could be what the doctor ordered (9)
5 Take hold of feline on church (5)
6 Left crone confused with character on fourth line (5-4)
7 Freezing top of cake (5)
8 Suspend and follow with a sneaking look (7)
14 Certain to be seen in step and valued (9)
16 Neat with nothing added (9)
17 Gelatine is in tumbler (9)
18 Draw wine and fish (7)
20 Notice left in tree to pedal (7)
22 Chiastolite hybrid camel (5)
23 Little credit on river rising, but it's a belief (5)
24 Anxious to be a bore (5)

SOLUTION TO PUZZLE No. 4,478



# ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

ART GALLERIES

CLUBS

# THE ARTS

**Dulwich Art Gallery**

## Building on a good beginning

by ROY STRONG

For as long as I can remember Dulwich Picture Gallery has been a problem. Its geographical location, its lack of money, its seeming lack of any policy or direction, have turned it into a weary saga over the years. How pleasant therefore to write of good news from Dulwich instead of bad. It seems at long last to be back on the right rails with a new enthusiastic young director, Giles Waterfield, who, with the judicious backing of the Dulwich College Governors, has been allowed to wave a wand over substantial areas of what used to be a depressing visual experience.

That enlightenment has arrived must also owe a great deal to the good sense of the Picture Gallery's chairman, Basil Greenhill who is also the director of the National Maritime Museum. One feels that museum professionalism has come.

Dulwich has enormous assets; a fine, if too small, building and, above all, an enviable Old Master collection. These are indeed great pictures and each of us will have his favourite. The Gerard Dou of *A Lady playing a Clavichord* would come high on my list, a vast tapestry looped to one side revealing a palefaced lass playing in an aureole of light. I love, too, the picture of Queen Victoria, aged four, now hung in the entrance foyer—a tiny tot bunched into velvets and furs with a huge feathered hat on her head.

The Van Dyck of Emmanuel Philbert is Italian period at its very best, the paint applied with that feeling for brittle highlights that give a nervous tension and authority to the portrait, making the nearby English period portrait of a spaniel-faced young man swaddled in satin sloppy by comparison.

Glories are everywhere, from the seemingly endless sketches by Rubens to the stately row of Poussins. Rembrandt's *Titus* knocks out the Hanneman and Honthorst that flank it, while it is engaging and downright cruel to hang a Mary Beale cheek by jowl with Rubens' lustrous *Mars and Venus*.

This is a justly famous, if neglected, collection and I could, of course, now drone on about Edward Alleyn, William Cartwright, Noel Desenfans and Francis Bourgeois who all played a part in its current status but that would be to repeat old stories and completely miss the point.

What we need to think about, when and if we ever get to Dulwich, is that here is a picture gallery designed by Sir John Soane, albeit with substantial additions and alterations, with a superb collection, but has it any future beyond being a stately extension of the mausoleum which forms its focal point?

For a gallery such as Dulwich to survive it has to be different. The revamping is splendid; a triumph of what can be achieved with a few pots of paint and an eye. Take a bow Giles Waterfield for succeeding. The grand gallery looks grand and suggests richness of effect with very modest means. The pictures are banked and intelligently grouped. Chairs and commodes line the walls to add to the sweep and glamour. The gallery's Friends adorn it with vases of flowers which again gives it a lift. But do get rid of those ropes looped all around the walls. Virtually every picture is glazed and they distract horribly from the overall *coup d'oeil*. The next task without a doubt, must be to obliterate the 1950s cork tile floor, now sadly dated and discoloured.

The actual treatment of the decoration of a gallery such as this is more complicated than it seems. Although there has been a degree of historical reconstruction if the gallery were, in fact, put back to how it appears in 19th-century photographs no one would come. It looked frankly awful. No, a small picture gallery has to be a jewel to lure the public and this is the sensible direction in which Dulwich is being pushed.

There is no point in duplicating a National Gallery effect because all one ends up with is a feeble imitation without the size and scale. But there is a point in taking Dulwich the way of the recently restored and re-hung Waterloo Gallery at Apsley House, which alone remains in London to remind us how those great aristocratic picture galleries with their top lighting looked in the 19th century. Dulwich evokes precisely that sumptuous milieu and could do even more so.

A closed or non-acquiring collection is also to some extent a dead collection. After the novelty of the re-hang and the face lift have worn off the numbers drop again and mummification once more sets in. That is the dilemma of Dulwich. It is, however, fortunate in having a lively Friends organisation which is its life blood, producing not only support but hard cash which is more to the point.

But the odd lecture and jaunt are not enough to keep the place going. Geographically it is beautifully but badly sited. In a way it is easier to nip up to Oxford by train to Ashmole than fight one's way by means of non-existent transport to Dulwich. It will always, of course, attract the connoisseur visitor, both native and foreign, but overall its future must be local and 16,000 visitors a year is a pretty wretched figure.

A number of factors cause this. One is that, on the whole, it is a specialist collection. It is reflective of the pantheon of taste in Old Masters of Regency England, and Rubens, Poussin and Guido Reni are not artists that have ever thrilled the great British public. The Gainsborough portraits of the Linleys are here the gallery's best asset. But there is a middle-aged quality about it all. It lacks youth and movement. No amount of lecturing in schools in the district is ever going to convert the young.

Walking around the gallery I longed for a few jerks of the kind that Michael Levey has initiated at the National Gallery. There is nothing against copying a good idea. I yearned for something—anything—modern, and by modern I mean Manet onwards in this case! To see a Matisse or a Hockney would have been marvellous. It is a regrettable truth that visitors go to museums and galleries regularly when they know that when they get there there will be something new to see.

Dulwich, as it stands, is a well-spent hour for the average visitor but, at the moment, one is not directed on anywhere else in the vicinity. The experience needs to be one in which the picture gallery is the central incident of a day or afternoon out.

It is also true that however deplorable a museum's catering arrangements may be it is always better than having none at all. That for Dulwich is a tough one to solve. People's expectancy of gallery visiting is far different from 30 years ago. Creature comforts are here to stay whatever the aesthetes say. All in all the Dulwich venture deserves congratulations although *hommage* is withheld until it proves that it can maintain a sustained loveliness of the kind Brian Robertson achieved at Whitechapel and not merely be a monument solely to tasteful archaeological reconstruction.

Giles Waterfield in the gallery — Roger Taylor

**Palais des arts**

## Kurtág in Paris

by DOMINIC GILL

Since 1974, when Budapest's first annual festival of new music was launched, I have written on a number of occasions in these pages about the Hungarian composer György Kurtág—whose presence, in person, in music and in spirit, has been a notable feature.

It might not be fair to some of his contemporaries to say that Kurtág, born in Lugos in 1926, a pupil of Sándor Veress and Ferenc Farkas and later in Paris of Messiaen and Milhaud, was the first Hungarian composer of his generation to break convincingly from the post-war "Kodály axis" and write in a style wholly and convincingly his own.

But he was certainly the first Hungarian composer of his generation to achieve official recognition in his home country as well as notice and interest abroad. And it was around him during the 1960s that a new group of composers quickly came to prominence—some of them pupils of music schools in Rome and Paris, others merely visitors to Darmstadt and Warsaw—who were the first to carry forward the banner of the New Music in Hungary.

Kurtág composes slowly, with extreme self-critical restraint. His opus is small, extending (without his pre-1956 compositions) to less than two dozen works. Many of his pieces are miniatures or collections of miniatures (the 250 tiny *Játékok*, *Splinters* for solo cimbalom, the *Eight Piano Pieces*): few Kurtág movements extend beyond the spread of a double page of score. Yet all seem far longer and broader than their actual duration: every page is a distillation, an epigram of the subtlest shading and resonance.

I should not presume to rank Kurtág with the greatest names of this century. But he is a figure of importance none the less in European music, and one of unusual individuality and integrity.

1981 would seem to be the year in which some at any rate of that neglect is to be remedied. All praise to IRCAM in Paris not only for organising the first ever public concert outside Hungary devoted entirely to Kurtág's music, but also for being the first non-Hungarian organisation ever to commission from him a new work (although the BBC follows hot on IRCAM's heels with a commisssion for a new piano concerto, due next year).

Like many Hungarian artists of his generation, Kurtág's career began late, interrupted first by the war, then stifled by the post-war period of Stalinist repression. The first work he recognises, his string quartet op. 1, dates from 1959—written after a period of study in Paris in 1957 with Marianne Stein, and in the classes of Milhaud and Messiaen: and it served, aptly, to open the IRCAM concert in the Palais des arts last week, over which the composer presided. He introduced it, with a certain diffidence, as "I'm afraid, a student work." But at the age of 33, the student was already greatly accomplished:

I have written here before of Kurtág's *Játékok* ("Plays and Games")—a collection of little piano pieces for two, four and six hands designed for students of all ages, ranging from the very easy to the very difficult, each one the simplest musical germ elaborated with wonderful poetry and humour, vigour and verve. The composer and his wife together played us some of these; and the Quatuor InterContemporain performed the *12 Microludes* for string quartet whose premiere I heard in Budapest in 1978—a dozen tiny fragments, together lasting barely ten minutes, each one a delicate curl of fragrance, a pattern of echoes and re-echoes that summons, without once directly quoting or imitating, a hundred shadows of other composers — Bartók, Webern and Schoenberg, a quicksilver thrill of Debussy, a nostalgic folksong.

The evening's new work and special IRCAM commission, *Messages of the late Miss R V Troussova*, was the largest and longest of the four. Kurtág calls it his "*Frauenliebe und Leben*": a cycle of 12 poems by the Russian poet Rimma Dalos, divided into three parts, set for soprano and instrumental ensemble including piano, celesta, cimbalom, mandolin and harp. No score was available; but at a single hearing, *Messages* made a complex and powerful impression.

Dalos's poems, like Chamisso's in *Frauenliebe*, trace a line from devout passion to disillusion; but in Dalos's language there is more humour and pathos, more chagrin, and after the final blow has fallen, more bitterness. "Love me, pardon me, my desires are so simple," she cries: but finally, "For all that we have never done together, it's me who pays." Kurtág's settings mirror deftly and add their own mordancy to every faithless current: the slash of percussion in the vivid Biting Song "Go on, bite me!"; the soft waves, dark and bittersweet, of cimbalom, bells and harp in "You have put my heart in the hollow of your hand"; the sad, swooping accompaniment to "Love me!"

The excellent soprano, savouring the collisions of Russian consonants to the full, was Adrienne Csengery; the Ensemble InterContemporain, under Sylvain Cambreling, made clear work of a difficult score. I look forward with lively interest to a second performance; and this time London audiences are not to be denied—for *Messages* receives its British premiere from the London Sinfonietta at a BBC College Concert at the RCM on February 18.

**Festival Hall**

## Rossini and Puccini

For their welcome pairing in Saturday's concert of the Puccini Messa di Gloria with Rossini's Stabat Mater, the London Choral Society invited the City of Birmingham Symphony Orchestra to join forces. The link is Simon Rattle, principal conductor to both organisations, though for this programme he offered the baton to Nicholas Cleobury, trainer of the LCS and the CBS Chorus. Lucky people to have two such good and enterprising young conductors. Lucky, too, to have a sponsor like Capital Radio willing to back civilised programmes.

There was a time when a distinguished regional orchestra might have looked sourly at an invitation to play for two choral works and nothing purely instrumental: it was believed that audiences only came for the choral singing. In view of the parsimonious time formerly allowed for joint rehearsal, those audiences were probably wise to shut one ear. No such precautions were necessary on Saturday — both scores were played with the alertness and appreciation that Rossini, in particular, amply deserves.

One couldn't help comparing the choir to the Philharmonia Chorus heard in Mozart's C minor Mass earlier in the week. The LCS are not, perhaps, so impeccably groomed but livelier, fresher. There is subjective enjoyment in their singing and it comes across. The technical foundations are secure: the unaccompanied "Quando corpus morietur" of which Rossini was justifiably proud and which even Wagner admired, came off very well. Throughout the Stabat Mater Mr. Cleobury kept a precise and sensitive balance between the operatic and academic aspects. They don't always sit so well together.

There was an interesting solo quartet. Valerie Masterson brought near-limpidity and a sweet urgency to the soprano music. In the soaring phrases of "Inflammatus" the ascending trills made their point and the top C's (mindful no doubt of Juliets to come) were lightly but truly taken. Claire Powell was the alto, negotiating the plunging, Mozartian, ninths and thirteenths with aplomb. The voice is knitting well—every time one hears it the effect is more even. John Treleaven successfully adapted "Cujus animam" to his presentable but not fully Italianate style. The Polish bass Leonard Mroz displayed a fine voice used with unnecessary discretion—next time in this hall he must project more bravely.

Puccini's juvenile Mass must be about the least stuffy "leaving exercise" ever written. The lyricism is so open, ingenuous and singable (and playable) that the work well deserves an occasional outing. Perhaps it should be kept as a treat for choirs which have been extra good—the LCS enjoyed itself vastly, especially in the pages that have more of the irresistible, sweeping impulse of *Manon Lescaut* than the "Agnus Dei" which Puccini actually used in that opera. The Society's concerts are well worth catching. The level of performance is high, choice of works and soloists always interesting.

RONALD CRICHTON

**Piccolo Teatro**

## Strindberg in Milan

by WILLIAM WEAVER

Strindberg is not exactly a household word in the Italian theatre, and it is significant that even Milan's Piccolo Teatro, in more than four decades of adventurous and far from provincial activity, had never staged one of his works until last month. But the Piccolo's director and star producer Giorgio Strehler has now more than made up for this neglect with his staging of Strindberg's "chamber play," *Storm* (*Temporale* in the excellent translation by Luciano Codignola, revised for production by Strehler himself).

Stockholm's Intimate Theatre, for which *Storm* was written and in which it was first seen, in 1907, held 161 spectators. The audience at the Piccolo is perhaps twice that, but still there is an unusual intimacy established there between players and public (in fact, a Piccolo production seen on tour, in another theatre, never has the same impact as in its Milan home). The actors can talk in normal tones; movements can be kept to a minimum; the subtlest effects are tellingly achieved.

For Strindberg this subtlety is important, indeed essential; and Strehler has thus gauged every sigh, every shake of the head, to convey the elusive significance of the Swedish author's domestic tragedy. So, when one of the characters "acts" or speaks in a loud voice, it is for a reason. Gerda, for instance (as played by Francesca Benedetti) at first seems exaggerated: too much make-up, wildly dramatic gestures, raucous whispers and horrid yells; but you quickly realise that she is being seen through Strindberg's eyes, heard through his ears, as the grotesque wife-enemy, the antagonist. Louise, on the other hand, the young relative who has come to keep house for the protagonist, is of an equally unreal composure: her voice is soft, murmured; she is never rushed, never hasty. Pamela Villoresi (previously known chiefly for some important television appearances) is a masterpiece of calm.

As the separated husband, the central figure of the piece, Tino Carraro creates a complex protagonist, fussy, aloof, self-deceiving, pathetic but not pitiable: the focus of a small, tormented world, where a threatening late-summer storm underlines tensions and incomprehensions.

Ezio Frigerio is the designer of the elaborate, impressive set. Abolishing the proscenium, he has created a plexiglass facade, sometimes opaque, sometimes transparent. Through it, figures can be seen moving (and their voices can be heard, when required), and, from the upper floor, a sinister lamp glows. In front of this building, to one side, there is a simple, white park bench: on the other side, the interior of the protagonist's house. Except for the wife (who wears black), all the characters are in white costumes (Franca Squarciapino is their gifted designer); the set is in black-and-white, and the whole at times gives the feeling of an old photograph, though there is nothing dated about the style of the production, no thought that its drama belongs to a past rather than to the present.

The play is given without an interval. Scenes are separated by the punctuation of the storm: white lightning alternating with total, black darkness. When the rain finally comes pouring down—another visual and aural jolt—it brings no release, but simply marks a turn in the direction of the drama. The incidental music by Fiorenzo Carpi is always apposite, tactfully employed, a positive part of this unique, total theatre experience.

**Festival Hall**

## Alfred Brendel

by MAX LOPPERT

Haydn and Liszt were the twin peaks of excellence in Brendel's Sunday afternoon recital. A late Haydn sonata—the C major, one of his final group of three began the programme. It was given with a contained exuberance, a dry sparkle, sufficient to indicate yet again that it is Haydn rather than Mozart, who currently engages Brendel's strongest classical instincts.

It was interesting to compare the sonata, its foxy good humour and asymmetrical twists and turns stamped with infectious spontaneity, with Brendel's account of the Mozart D minor concerto, K466, in last Friday's LPO concert. Where Mozart had seemed no more than dutiful, continuously delivered yet withdrawn in spirit, this Haydn glowed with insights, with pleasure in the music taken and vigorously communicated. The luminous sonorities Brendel drew from a Steinway should have diminished, albeit temporarily, even the sternest purist conviction that Haydn sounds fully himself only on an instrument of his day.

Brendel's Liszt — the *Vallée d'Obermann* and the B minor sonata—occupied the second part of the concert, and filled it with a Lisztian elation the pianist has been able to summon only fitfully in recent years. The double octaves of the sonata proved no less of a struggle than they always have been—the lion's roar of the true Liszt virtuoso is not to be heard in the bravura passages under Brendel's excitable but passingly imprecise fingers. But from the first notes, the G's accented in barely checked excitement, the music was transformed into a drama of thrilling urgency, each new episode born in the inspiration of its predecessor.

This was Liszt playing of the highest calibre. Perhaps for his next South Bank recital, Brendel might be persuaded to make up an entire programme of these two composers; for the two that came between them marked lower levels of achievement.

The discarded F major slow movement from the Waldstein Sonata, coolly traced, reminded us of the didactic, point-making side of this pianist's Beethoven. And though the youthful Schubert A minor sonata, D537, discovered one or two moments of unfettered lyrical warmth, the general character of the performance showed itself a little too self-conscious to find the key to the quirky copious inventiveness of the music.

### Irish play opens new theatre

A controversial play—both Irish and gory—opens the drama festival *Radio Theatre '81* when David Rownalls *Beef* has its world premiere at the University of Warwick Arts centre tomorrow.

Based on a 12th century epic poem and set in Dublin during the Pope's recent visit, *Beef* is the first of the 18 new plays commissioned under the Arts Council BBC drama project to be performed on either stage or radio.

Six other plays will have their world premiere, all in regional theatres by early March. Transmission dates for five of these first seven plays have been set for Thursday evenings beginning March 5.

Launched in May last year, *Radio Theatre '81* brings together the artistic potential of the subsidised regional theatres and the expertise of the BBC's Radio Drama Department. It will allow playwrights who normally work in the live theatre to work also in radio and *vice versa*.

The cost of the festival, some £100,000, is being shared by the Arts Council and Radio 3. Two of the plays will be selected for an extended tour through Arts Council Touring.

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# Challenge to the system

THE NEXT few months could be a formative period in British politics. For the launching of the Council for Social Democracy by Mrs. Shirley Williams and her friends should at least have the merit of concentrating the political mind. The CSD is not yet a new political party, though all the signs are pointing that way. But it is already a challenge to the existing political system and to existing alignments.

*The most likely assumption* must be, and certainly Mrs. Williams and her colleagues have done nothing to discourage it, that a new Social Democrat Party will be founded before the end of the summer. Yet there is still time to think. Although a realignment of British politics would affect everyone including the Conservative Party, three particular groups are directly involved. *They are those members of the* Labour Party who, however *sympathetic they might be to* the idea of social democracy, *find it hard to contemplate* abandoning their traditional allegiance: the trades unions: and, not least, the CSD itself.

### Last chance

There are clearly many more Labour MPs who are fed up with what has been happening to the Party in recent years than the dozen or so who have already flocked to the CSD banner. The same goes for Labour supporters outside *Parliament.* What they have to ask themselves now is *whether it is possible* any longer to fight the drift to the *Left from within. The answer is* almost certainly that they have been *given one last chance. If* the Healeys, the Hattersleys and the many other, *lesser-known* figures do not resist now, the *launching of the new party will* go ahead. In all probability, the *Labour Party would then* either gradually disintegrate or *be decisively taken over by the* far Left: the two developments are not *entirely incompatible.* So it is up to the loyal Labour moderates *either to fight in the* next few months, or to admit that, *in effect, they have already* surrendered whether to the charms of *Mr. Michael Foot or* to the relentlessness of Mr. *Tony Benn and his supporters.*

The question for the unions is whether their present involvement in Labour Party politics is doing them any good. They launched a commission of inquiry into the future of the Party which in the end only added to the present woes. At Blackpool last October some of their more moderate representatives said that they could block the proposal to elect the leader of the Party by a wider franchise, and failed. At Wembley on Saturday they looked even more ridiculous. They cannot deliver, appear unable to understand the mechanics of their own voting systems and are abetting a move to the Left which many of them do not want. The unions, in fact, are *at least as divided as the Labour* Party in general. It is time for *them to look to their own* organisation and to consider *whether they might not have* something to gain from social *democracy* rather than from blind allegiance to a party which they are helping to destroy.

In the end, however, a great deal of explaining still has to be done by Mrs. Williams and her friends. The statement issued by the CSD on Sunday reads like a catalogue of good intentions that could be, indeed has been, embraced by the mainstream British political parties over the years. Mrs. Williams, Dr. Owen, Mr. Rodgers and Mr. Jenkins belonged to governments which promised precisely the same objectives of an open, classless and more equal society. The interesting question is why the achievements were so limited. What is it that the Gang of Four has discovered *that will make progress possible* now when it has proved so elu*sive in the past? Not least,* how do they intend to proceed from *being the nice party or the* decent party to being the party *of power?*

### Slippage

To raise such questions si not to disparage. It is an unquestionably brave act for such a group to threaten to break away, even if they themselves might have fought more strongly before. Because of its slippage in policy and organisation the Labour Party has had it coming to it for years. It ought to have reformed itself from within and has not. It has one last chance to try. If it does and succeeds, we shall welcome it. But if it continues in its leftward lurch, we shall give more than the present cautious welcome to the CSD.

# Japan's voice abroad

BOTH within Japan and among its allies there has been growing recognition of the need for Japan to play a more active political role in the world commensurate with its new economic strength and sense of confidence.

Traditionally, Japan has seen its Treaty with the U.S. as the mainstay of its security. A major advantage of this has been that it has enabled Japan to concentrate on building up its economy while keeping defence expenditure to a meagre 0.9 per cent of GNP. But the U.S. alliance was of no value to Japan in preventing the disruption of oil supplies — or the threat to them—*that came from* the 1973 Middle East War, the *Russian invasion of Afghanistan,* the Iran-Iraq conflict, or Presi*dent Carter's attempt to rescue* the hostages by force; nor has it prevented the massive build-up of the Soviet fleet and air force in the Far East.

### Priority

The Japanese see the need for a foreign policy that protects their own interest. The west wants them to take on some of the international political responsibilities that go with being a major economic power.

The recent visit by Mr. Zenko Suzuki, the Japanese Prime Minister, to South East Asia, is the first in what can be expected to be an increasingly heavy programme of foreign tours. It reflects the priority that Japan gives to the Association of South East Asian Nations (ASEAN) is also—particularly for a Prime Minister with hardly any experience of foreign affairs—likely to be the easiest of his missions. Indonesia, Thailand, the Philippines *and Malaysia are the source of* many of Japan's raw materials, *including oil.*

South East Asia's attitude *towards Japan combines that* mixture of suspicion and envy that post war Europe had towards the U.S. ASEAN wants *Japanese funds* and investment but it resents Japan's economic dominance. Mr. Suzuki's task therefore was to provide some sweeteners while extending reassurance — particularly by demonstrating Japan's support for ASEAN in its quarrel with Vietnam over the fate of Kampuchea.

Mr. Suzuki has a trickier task in managing Japan's relations with its other major partners. The U.S. is irritated by what it considers Japan's back tracking in raising the defence budget this year by only 7.6 per cent when earlier nods from Tokyo had pointed to a minimum increase of 9.6 per cent.

The EEC has its own serious trade squabble with Japan over both the size of the bilateral deficit which reached $9bn last year and over the surge of Japanese exports in such sensitive products as cars and consumer electronics. An EEC mission under Sir Roy Denman, Director General for External Relations, will be taking this up in talks in Tokyo this week.

These disputes between Japan and its allies are overshadowed *however, by the shared view of* the importance of involving *Japan more actively in inter*national diplomacy. The *Japanese want their voice to be* heard. Over issues like Afghanistan, Palestinian self-determination, Indochina and Soviet expansion, they have recently shown a readiness to take a firm line rather than attempt to appease all parties as part of what was once called their "omni-directional" foreign policy. But they are conscious that they lack experience and in the Middle East, for instance, are still fumbling to see what role they can usefully play. Hence their recent close links with the EEC over foreign policy.

There is less agreement within Japan on how far the country should proceed towards rearmament. Mr. Suzuki's pruning of the increase in the defence budget reflects both worries over the size of the deficit and one streak of public opinion apprehensive over the revival of militarism.

But there can be no doubt that events are carrying Japan *towards a substantial expansion* of its armed forces—and of its air *force and navy* above all. That is necessary both to meet the *increased strength of Soviet* forces in the Far East and for *Japan to participate more* actively in western security.

*But* Japan's rearmament will awaken old fears and arouse some new ones. Not the least of them is that Japanese companies will become major competitors and exporters in sophisticated weapons and aerospace industries that up to now have been the preserve of European and American companies.

BRITAIN'S BUDGET PLANS

# Sir Geoffrey's trail of clues

By Peter Riddell, Economics Correspondent

THE BUDGET *is one of the* great annual set-pieces of the (subsidised) *British* theatre. The day itself is surrounded by drama and suspense, preceded by several weeks of Ministerial purdah.

Yet when Sir Geoffrey Howe, the Chancellor, rises to speak on March 10, his statement is likely to be as unexpected as the outcome of an average whodunnit. There will, of course, be a number of unresolved ques*tions and a few twists and turns* in the final act. But the author *has given clear indications in* the early scenes of where the *plot is going.*

The broad outline of the *balance of the Budget* is already clear, even if several *important decisions have yet to* be taken. The personal tax bur*den will rise* (but by how much?), public sector borrowing will be held down below this year's level (but to what figure?), industry will be helped (but how extensively?) and interest rates will decline (but when?). In essence, the issue is how far the tight pressures on industry should be eased at the cost of a further rise in the tax *burden on wage-earners.*

This absence of the *unexpected is only partly* because of leaks (anyway, one *person's leak is another's brief*ing) or hints, though there have been plenty of these in recent ministerial speeches. The direction is clear from the Government's own commitments and, in particular, from the November 24 economic statement which was virtually Part I of the March speech.

Sir Geoffrey has already been presented with a series of alternative policy options—known as Budget building blocks—which he can discard as March 10 approaches. These options have emerged from throughout the Treasury—where a couple of dozen people are fully involved in Budget preparations — and from the revenue departments (the Inland Revenue and Customs and Excise) and the *rest of* Whitehall.

All these preparations *are* co-ordinated by the Treasury's *tiny central unit whose head,* Mr. Brian Unwin, is Budget chief of staff and *appropriately* includes Wellingtonia among his hobbies.

As Sir Geoffrey reviews these *options during the next few* weeks, he is unlikely to feel any *great freedom for manoeuvre.* For a start, there is the inherit*ance of the previous Budgets.* Both the aims and the record *are discussed in detail in the* extracts from the Zurich speech *by Mr. Nigel Lawson, Financial* Secretary to the Treasury, in the *accompanying panel.* Even on the most charitable interpretation of the public sector borrowing overshoot (£11½bn plus, against a forecast level of £8½bn) and of the excessive monetary growth (about 19 per cent a year against a target range of 7 to 11 per cent) Sir Geoffrey needs to restore the credibility of the medium-term financial strategy.

Moreover, the recession has turned out to be much deeper than expected. While demand has held up so far, the combination of a strong pound and high nominal interest rates has resulted in a tight squeeze on manufacturing.

Faced with these pressures, Sir Geoffrey has to decide what level of public sector borrowing to allow and what help to give to industry.

The latest Treasury forecasts indicate that public sector borrowing in the 1981-82 financial year should be between £10bn and £11bn. This takes account *of the increase in income from* North Sea oil taxes and the *rise in employees' national* insurance contributions *announced last November.* The forecasts are also based on the working assumption that both income tax allowances and thresholds and indirect tax duties on alcohol, tobacco and petrol are increased in line with inflation. But this projection is subject to a margin of error of several billion pounds.

Until the mid-1970s Chancellors of the Exchequer faced with this kind of recession would have responded by allowing public sector borrowing to rise. Public spending would have been increased and taxes cut in order to boost de*mand. This approach has been* rejected by Sir Geoffrey (and *by Mr. James Callaghan in an* often quoted speech in 1976) *on the grounds that any boost* to activity would be temporary *and illusory, and the only long-*term effect would be to raise *the inflation rate.*

The current Treasury team *believes, however, that the auto*matic increase in borrowing *resulting from higher spending* on unemployment benefits and *lower tax revenue should be per*mitted. The Government argues *that this rise is compatible with* declining monetary growth *since bank lending to the* private sector, the other major monetary influence, should be growing only moderately as a result of the cutback in industry stocks.

There are, however, strong pressures to reduce overall public borrowing in 1981-82 in order to speed up a cut in interest rates. The overall implication is that the Chancellor will aim for a level of borrowing above the £7bn to £8bn range for 1981-82 implied by the medium-term strategy, but below the £10bn to £11bn figure suggested by the latest forecasts.

On this basis the tax options are limited, especially as there are no signs of another round of public spending cuts before the Budget. On the contrary, there will undoubtedly be calls for large additional sums for BL and British Steel.

Within this constraint, Treasury Ministers have talked about changing the balance between the hard-pressed industrial sector and the financially stronger personal and oil sectors. This amounts to an attempt to reduce some of the impact on industry from the strong pound, the high wage claims of the last pay round and the recession. Ministers believe they can do little directly to influence the exchange rate without risking a re-acceleration of inflation, though lower interest rates may remove some of the upward pressure.

There has been considerable discussion within Whitehall about possible measures to help industry which could include:

- Some relief on energy costs, possibly via concessions on bulk electricity tariffs for industrial users.
- A reduction in the present £8 a ton heavy fuel oil duty.
- A Government-backed guarantee scheme for bank loans to small businesses. Other incentives to investment by, and in, small businesses are likely.

*These proposals* are in addition to changes in the stock relief scheme (announced in November) which will cut industry's corporation tax bill by at least £300m.

The most rapid and significant relief would be a cut in the employers' national insurance surcharge. An across-the-board cut would be expensive—the yield in 1980-81 is £3½bn—and some Ministers are worried that any reduction might be passed on in the form of higher wage increases. Consequently, officials are looking at the possibility of a selective reduction, covering only manufacturing industry or certain regions.

Whether or not the surcharge is reduced, money will have to be raised from other taxpayers *to pay for any assistance to* industry and to help contain *public borrowing.* The obvious honey-pot, North Sea oil, has already been raided by means of the new tax announced last November.

The other favourite target is the banks and some Treasury Ministers would like to see a windfall tax on the profits earned by the banks from high interest rates. But interest rates are now declining and the Bank of England obviously wants the co-operation of the banks in supporting financially troubled companies.

The personal sector is thus left as the main source of revenue. The Government has *already increased personal taxes* by raising employee national *insurance contributions—equiva*lent to 1½p on the basic rate for *most taxpayers. But an increase* in the basic rate of income tax *itself appears to have been ruled* out by the Prime Minister, not least because it would represent too open a reversal of previous pledges.

Consequently, the Chancellor may prefer the disguised way of increasing the tax burden by not raising income tax allowances and thresholds fully in line with inflation. The accompanying table shows the impact of a full implementation of index-linking—a rise of about 14½ per cent—at a cost of £2½bn in 1980-81 prices and £2½bn in the coming financial year. One option might be to raise allowances by, say, 10 per cent, in line with the monetary target, thus saving £750m in a full year for use elsewhere.

Indirect taxes are a less attractive source of revenue. An increase in the value added tax rate looks improbable for political reasons and the £10bn to £11bn public sector borrowing forecast *already* assumes a rise in customs and excise duties of around 14½ per cent. Any further increase would boost the retail prices index just when the 12-month rate is *falling rapidly.*

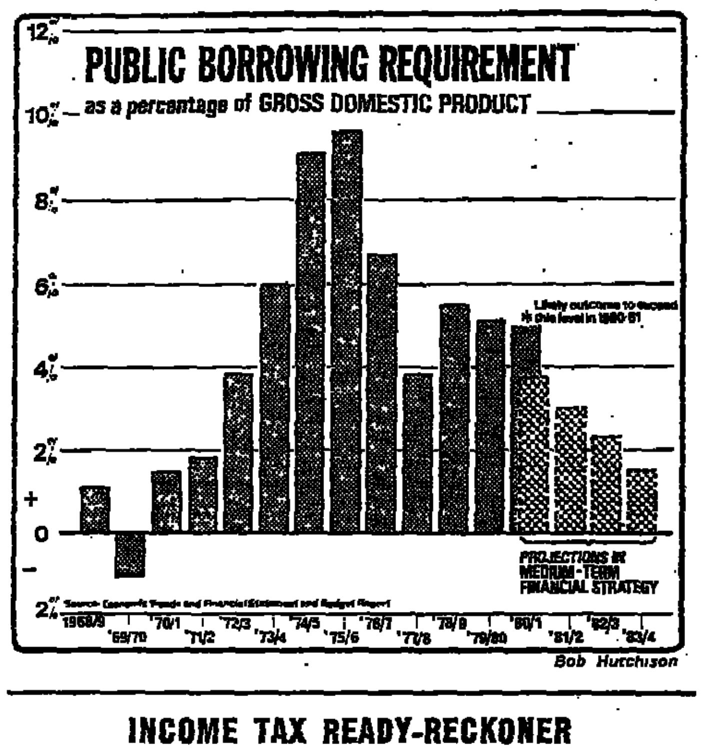
The choices will not be easy *and Sir Geoffrey will no* doubt be strongly tempted to minimise the scale of any tax switches. Apart from these headline *measures, the Budget* will contain other proposals in*cluding:—*

- A further instalment of the planned *reform of capital* taxation, possibly including a rais*ing of thresholds for capital* gains tax and an easing of the *burden of capital transfer tax.*
- A major expansion of *national savings to meet* its £3bn target for 1981-82.
- Announcement of the details of the monetary control changes outlined last November.
- A new monetary target to run from April. Considerable over-run is likely in the current target period and a decision is needed on how much of this excess should be clawed back.

All Budgets contain some surprises — and Sir Geoffrey would no doubt like to be able *to announce a fall in minimum* lending rate (if it has not been *cut before then). This could be* presented alongside measures *which will no doubt be known* as a Budget for Industry and *a Budget for Savers.*

For most wage-earners, how*ever, the Budget is certain to* mean a further increase in the personal tax burden—probably bearing more heavily on the lower-paid than on high taxpayers, as in the previous two Budgets.

For Sir Geoffrey, the Budget is likely to mark not a change of course but an adjustment in response to the recession and to the monetary lessons of the past two years. The real test will probably not come until next winter or spring 1982 when the economic recovery may appear to be sluggish, unemployment will still be rising and an election will be only two years away.




Bob Hutchison

### INCOME TAX READY-RECKONER
### The impact of index-linking.

*Implementing Lawson-Rooker-Wise provisions, increasing income tax allowances in line with rise in retail prices index during 1980, probably about 14½ per cent.*

| | Now £ | Implied new level £ | Full-year cost in 1980-81 prices £m |
|---|---|---|---|
| Single allowance | 1,375 | 1,574 | 798 |
| Married allowances | 2,145 | 2,456 | 1,088 |
| First higher rate threshold | 11,251 | 12,882 | 145 |
| Investment income surcharge threshold | 5,500 | 6,297 | 44 |

# THATCHERISM IN PRACTICE: NIGEL LAWSON'S DEFENCE

*Among the main points of Mr. Lawson's defence of Government economic strategy in Zurich, these stand out:—*

"The heart of our economic policy is the Government's published and indeed quantified medium-term financial strategy, the core of which is a steady deceleration in the rate of monetary growth over a four-year period, buttressed by a gradual reduction in the size of the underlying budget deficit, which in turn is to be achieved by a steady reduction in the real level of total government spending. On the crucial monetary front, the picture is somewhat obscure and decidedly patchy."

"The present Government abolished the corset last June: with the wisdom of hindsight a strong case can be made for the proposition that we should have followed our original instinct and announced its abolition immediately on taking office, a year previously: a thermometer deliberately designed to give a false reading, however flattering, is no use to anyone."

"Monetary conditions in the UK have not been inflationary so far. But it is essential from now on to secure a lower rate of growth of broad money and indeed, over the three remaining years of the medium-term financial strategy, it might well be prudent to claw back at least some of the excess growth that has already occurred."

"To some extent this will be *greatly facilitated by the natural* development of the economic *cycle in particular, as the* de-stocking phase, which has been *particularly dramatic over the* past year, enters its final phase, *the private sector's demand for* bank finance will greatly moderate."

"The crucial determinant of the Government's success in controlling the growth of broad money must clearly lie, first, in a better control of public sector borrowing (and hence of Government spending), along the lines mapped out in the medium-term financial strategy and, second, in a better ability to finance in a non-monetary way the public sector borrowing requirement that does emerge—in other words, improvements in funding techniques."

"So far as public borrowing is concerned, it is undoubtedly unsatisfactory that the current year's outturn should be all set to be significantly in excess of the Budget forecast, even when (as is proper) due allowance is made for the automatic consequence of the recession being deeper than was forecast at the time. But the lessons of the overshoot will not have been lost; and meanwhile there is no reason to suppose that next year's borrowing requirement cannot be brought back more or less on track—by which I mean the 3 per cent of gross domestic product set out in the medium-term financial strategy plus the automatic consequences for the public finances of GDP in 1981-82 being lower than was foreshadowed, for illustrative purposes, when the medium-term financial strategy was published almost a year ago."

"It is some measure of our dedication to the principles of sound finance, and to our determination to bring down inflation, that despite the fact that, as a Government, we would like to see taxation reduced, we have so far, on balance, increased the real burden of taxation overall."

"The convenient theory so *popular in some circles across the* Atlantic—that cuts in tax rates *produced increased tax revenues*—is, alas, as a general proposition, *simply too good to be true.*"

"The present Government has no exchange rate policy as such for the simple reason that the attempt to have such a policy greatly complicates (if it does not actually make it impossible) the difficult enough task of pursuing a sound monetary policy, without at the end of the day having a significant effect on the real exchange rate, whatever may happen to nominal rates."

# MEN AND MATTERS

## Meaney keeps new company

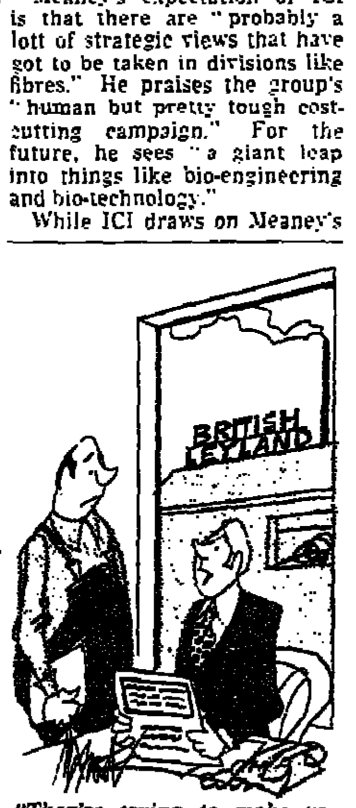
The appointment of Thomas Tilling chief executive, Sir Patrick Meaney, to the Board of Imperial Chemical Industries suggests that, while times may now be hard for ICI, it retains a keen eye for expansion.

Tilling has traditionally been one of Britain's more faceless industrial holding companies. Its subsidiaries — Heinemann *books, Cornhill Insurance,* Pretty Polly nylons—are better *known than the reticent parent.* But in the past 18 months, *Tilling has taken a higher* profile. It has spent around £100m on acquisitions, primarily in the U.S.

Meaney's expectation of ICI is that there are "probably a lott of strategic views that have got to be taken in divisions like fibres." He praises the group's "human but pretty tough cost-cutting campaign." For the future, he sees "a giant leap into things like bio-engineering and bio-technology."

While ICI draws on Meaney's experience, he plans in turn to pick up some useful tips from the oil and chemicals giant for Tilling. Its next phase of growth is likely to be centred on the Far East, where it has already made what Meaney calls "some *nibbles.*" "*It is not an easy* area," says Meaney, but he confirms that there are "*one* or two sparkles in our eye." The *shopping list includes* both manufacturing and natural *resources.*

Neither Tilling nor ICI have escaped recession. Interim profits growth of less than 5 per cent by Tilling disappointed the market in September. More dramatic was ICI's November announcement of its first ever loss, £10m in the third quarter of 1980. There has since been concern that the final dividend might be cut. Meaney is sanguine. The market is, he says, "more and more swung by the dramatics of life." And he professes, without any inside knowledge, confidence in the final divvy on his own long-held ICI shares.




"They're trying to make us give up borrowing — every loan has a Government warning on it."

## Banking bridge

"We are really rather a stuffy bank . . . evolving step by step. You have to be cautious when you are planting trees in a desert," says Werner Makowski, joint general manager of Arlabank.

Despite that approach, the consortium bank formed three years ago to promote economic and financial co-operation between Arab and Latin American countries, is already a billion dollar institution. Its assets doubled last year to $1.2bn and its net profits to $9.2m.

Makowski, who began his career with Deutsche Bank and later worked for a number of U.S. banks, is in London this week to prepare for the board meeting next month which will officially open Arla's City office. Headed by Greville MacGillivray, former deputy chief of the Bank of England's overseas department, the City office will be an important supportive base for the bridge between Bahrain and Lima.

Arla has already channelled substantial Arab funds into project loans for hydroelectric schemes, gas pipelines, mining and industrial plants in several Latin American countries.

But Makowski believes the scale of investment is going to *rise dramatically:* "*Much of* South America is poised for an *industrial revolution,*" he says. "The demand for corporate *finance is going to be immense.* Investment will have to be care*fully guided. We are not going* to rush into anything. But whatever one thinks about South American politics, there is more stability now and more orthodox financial management."

## High flying

In the week since Ronald Reagan took office, the economic and social divide between Republicans and Democrats has been graphically demonstrated in the skies above Washington.

Private and corporate jets have been buzzing around National Airport like clouds of gnats. Within a few hours one day, airport officials estimated that more than 230 executive jets sought clearance for take-off. Both they and normal commercial flights were subjected to long delays as air traffic controllers sorted out the jam.

Washington's streets have *also been thick with those other* symbols of wealth, long, black *limousines. Those Republican* celebrants who did not have *their own available have been* hiring them at $500 a day.

*It has been quite a change* from the scene four years ago when the Carter contingent arrived in town on board the "peanut special" train. And when the then White House press *secretary* Jody Powell was asked is he was going to have a telephone installed in his car to cope with the demands of his new job, Powell, *surveying his battered* Volkswagen "beetle," replied: "I don't think it could stand the extra weight."

## Mail packet

Daily Mail City Editor Patrick Sergeant is a man with a shrewd grasp of matters financial. The evidence for this is not, however to be found only in his stylishly-written columns. For the annual report of Associated Newspapers reveals that Sergeant earned no less than £143,000 last year, slightly more *than twice the paypacket of* chairman Lord Rothermere.

*Sergeant is AN's highest paid* director, and his salary is partly *linked to the profits of the* group's Euromoney magazine, of *which he is managing director.* The success of Euromoney *helped Sergeant's earnings move* ahead by slightly over £30,000 *from 1979's £112,850.*

## Lay worker

Let us wander off the well-trodden scholastic paths away from the hurly-burly of History Men and embattled semiologists, into a calm and secluded grove of academe where nothing is heard but the clucking of hens and the cracking of eggs. For a *scholarship of £2,000 annually* plus a books and travel grant of *£500 is now on offer* to the successful candidate prepared to dedicate the next two years to "some substantial aspect of the marketing of eggs."

## House whine

Overheard in Fortnum's: "My dear, I've never been to such a dull party—the only thing that was cooking was the sherry."

**Observer**

**John Moore** explains why the Bill to reform the conduct of Lloyd's has run into trouble

# 'Dormant' members awake to their rights

A MAJOR programme of reforming legislation affecting the future conduct of the City of London's most famous commercial club, Lloyd's, the insurance market, has run into trouble.

A private Bill, Lloyd's first radical piece of legislation in over 100 years, is due to have its second reading today. But its has run into criticism from a number of Conservative MPs and a group of about 200 of Lloyd's own members led by Lady Janet Middleton.

Lady Middleton, a general's daughter, a magistrate, and once a member of the troubled Sasse syndicate, is one of the 16,000 members who do not work at Lloyd's. Rather they commit their wealth, usually means of £100,000 must be shown, in return for a share of the profits. It is the collective wealth of the members which allows the market to function.

Only 4,000 of the total membership of nearly 20,000 work as brokers and active underwriters in the Lloyd's market. But all members accept the principle of unlimited liability. This means that if insurance losses are so severe individual members stand to lose all their wealth.

Lady Middleton's group has raised serious questions about the details and overall content of the Bill. Moreover, her intervention underlines the importance of the growing pressure from the large "dormant" membership for more involvement in the market's affairs. It is their market, they argue, and they want their views about major issues fully reflected and articulated. (None of them was involved directly in drafting the Bill.)

As a result, important amendments may be made to the Lloyd's Bill during its passage through Parliament, and the legislation for overhauling Lloyd's weak self-regulatory systems may be held up while the changes are discussed.

The proposed legislation, which is to be steered through Parliament by Sir Graham Page, Tory MP for Crosby, is Lloyd's direct response to the growing number of scandals and troubles which have surfaced in the market in the last three years.

A dozen of the market's underwriting syndicates — the units into which the near 20.000 members of Lloyd's are grouped —have required special internal investigation by the Lloyd's authorities, some of which have led to City of London fraud squad inquiries. A broker and an underwriter have been arrested and face trial on fraud charges.

The Sasse affair has been the most serious of all these problems. The 110 members of the Sasse syndicate, which faced losses of £21.5m, had to be rescued by Lloyd's. They paid £6.25m between them, with the Lloyd's community meeting the rest of the liabilities. Until the rescue some members of the syndicate were suing Lloyd's for alleged broken rules and breach of duties.

During this troubled period Lloyd's also faced record losses on computer leasing insurance. It has since been criticised for carrying out inadequate checks on this new class of business.

Because of the growing problems, Lloyd's commissioned its own report into self-regulation. This was prepared by Sir Henry Fisher and a small working party comprising two other outsiders and four Lloyd's professionals. Their report, which found Lloyd's wanting in most aspects of self-regulation, formed the basis of the new legislation.

Lloyd's officials and the market's 16-strong ruling committee sat down to draft the Bill incorporating the main points of the Fisher report and discussed the Bill in detail with the working members of the market.

The final Bill as drafted was presented to the members, who were called to the Royal Albert Hall last November to vote on the principle of Lloyd's promoting its new legislation. Nearly 4,000 members turned up to vote on the measure, while others voted by proxy.

Although this meeting approved the promotion of a Bill, it also sparked off an 11th-hour debate among the members in the weeks following the meetings about the content of the new legislation.

Lady Middleton and her group argue that the present flow of information to the "dormant" members is not good enough. "Many members are kept in glorious ignorance about their affairs," she says. But her move to create an association to represent the 16,000 non-working members is not a popular one at Lloyd's. The underwriting agents, who look after the affairs of all Lloyd's members, are resisting the proposal because they think it will usurp their function.

"We take the view that as your agents, we are already providing all the information and services you require in connection with your Lloyd's membership," one group has informed its underwriting members.

Another agent has written: "I believe that membership of this association would not necessarily be in the best interest of our names (the members) nor indeed Lloyd's as a whole."

The Middleton group's concern about the Bill is shared to a large extent by a number of Conservative MPs who have raised their own criticisms of the Bill with Sir Graham Page.

One of the common complaints about the Bill is the question of Lloyd's future accountability. Lloyd's was alarmed by the extent and scope of the Sasse syndicate's legal action.

The Lloyd's establishment found itself more vulnerable than it imagined in litigation. Rather than face the prospect of another "Sasse," a comprehensive indemnity or immunity has been built into the new Bill which will offer protection for Lloyd's officials.

This means that in the event of a legal action Lloyd's has a unique mechanism, seldom enjoyed by other similar bodies, to avoid liability.

The two lobbies are worried that this instrument could place Lloyd's above the law and make it less accountable for its actions in the future. If the indemnity had existed at the time of the Sasse affair, it is unlikely that the members, who were suing Lloyd's for alleged breach of duties, would have been able to succeed in securing its settlement.

The Middleton lobby argues that the relevant provisions of the Companies Act would offer adequate protection for the new Council and these are already incorporated in the new Bill. Any further protection should be sought through insurance cover. Lloyd's says that this would be too expensive and all members would have to pay.

Both groups are anxious that Lloyd's implements proper procedures for dealing with suspect insurance claims, a subject which has been avoided in Lloyd's draft of the Bill. Lloyd's argues that commercial fraud is easy to allege but difficult to prove and that its present informal system works well enough.

The new Lloyd's Bill, following the Fisher recommendations, transfers the rule-making power from the entire membership to a new Lloyd's Council. Once law it would, for example, mean no more Albert Hall meetings. Sir Henry concluded that when Lloyd's had only 675 members just over 100 years ago the system of government was adequate.

But with 20,000 members, to leave the rule-making power to a general meeting of members was impractical. Now the "dormant" members are claiming that they are on the verge of being disenfranchised and that their representation on a new Lloyd's Council, even though it is the first time they have had a say in Lloyd's government, is not enough. Some 16 members who work at Lloyd's will sit on the new Council while six of these who do not work in the market will have seats and three outsiders will also sit on the Council.

The message that is coming across in the debate is that the large, non-working membership of Lloyd's wants more involvement in Lloyd's affairs at a policy-making level. "We are the proprietors, in effect," said one member, "and Lloyd's would do well not to forget that."

## THE MAIN ISSUES

MR. PETER GREEN, Lloyd's chairman, has warned the market associations representing the brokers and the underwriters that he expects five controversial subjects to be debated either on the floor of the House of Commons or in a committee of the House.

"If you hear of any difficulties or of the possibility of an approach being made to indivdual MPs you should get in touch with me or Mr. Colin Thomas," a top Lloyd's official who has been closely associated with the passage of the Bill at Lloyd's. "Only in this way can we attempt to meet the points and ensure that Parliament sees Lloyd's as speaking with one voice," he has told them.

The five subjects which he has listed as "controversial" are

- Representation of the members of Lloyd's who do not work in the market on a proposed new ruling Lloyd's Council. Those members of Lloyd's who merely "commit" their wealth to allow the market to function account for 80 per cent of the membership of nearly 20,000. Working members of Lloyd's, the brokers and active underwriters, are to have 16 seats on the new Council: the non-working members are to have only six. Should the latter have more seats on the Council?
- Clause 11 of the new Bill. This gives the new Lloyd's Council a blanket indemnity, effectively protecting it against legal liability from lawsuits arising from the Council's conduct. The immunity from liability applies only in respect of action taken or omitted by the Council or officers as they implement procedures laid down down by Lloyd's Acts of Parliament. Has Lloyd's placed itself above the law?
- Clause 6(4) of the Bill. This gives the members of Lloyd's the power of veto over the Council. Any bye-law which the Council introduces can be vetoed by the members. Should the members have a similar power to introduce their own rulings, or is the power of veto unnecessary?
- Fraud. Lloyd's has made no mention in its Bill of the issue of fraud. It has been said that more formal procedures should be introduced at Lloyd's for dealing with possibly fraudulent or suspect claims.
- Divestment. A working party studying self-regulation at Lloyd's recommended that insurance brokers, the buyers of insurance on behalf of clients, should divest themselves of the right to manage Lloyd's underwriting syndicates, the groups which accept insurance risks. There were actual and potential conflicts of interest, the working party concluded. Should this recommendation be incorporated in the Bill?

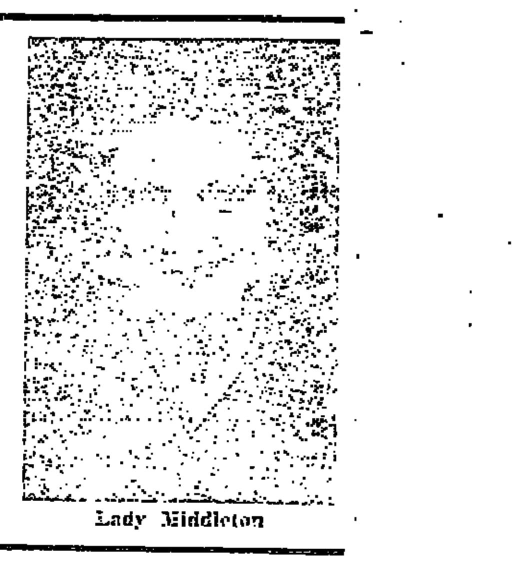

## NEW COUNCIL WILL SUPERVISE MARKET

LLOYD'S IS governed by a 16-man ruling committee, all working members of the market. It is elected in theory by all the membership, but in practice very few members turn up to vote. Under the new legislation the ultimate supervisory body of the market will be a new 25-strong Council.

On this will sit 16 working members of the market who will form the committee. They will be elected by working members of the market, who account for 20 per cent of the total membership, but not by those who do not work in Lloyd's.

Six members of the council will be drawn from the members who do not work at Lloyd's. They will be elected by other members who do not work at Lloyd's. These six will not sit on the Lloyd's committee.

Three of the Council members are to be drawn from those outside Lloyd's who are not members. The outsiders will be nominated by the Council and their appointment confirmed by the Governor of the Bank of England.



Lady Middleton

# Letters to the Editor

## Free trade unions

*From the General Secretary, Electrical, Electronic, Telecommunications and Plumbing Union*

Sir,—Christian Tyler (Management Page, January 21) claims that multinational companies exploit the division between eastern and western unions. He states "The western 'free democratic' unions are combined in the International Confederation of Free Trade Unions (ICFTU) and the eastern bloc unions in the Prague-based World Federation of Trade Unions; the scope for co-operation is clearly limited by ideological combat. For the movement, therefore, it is a simple matter for a western company to build a plant in a low-cost Iron Curtain country and export the goods back into the west, at highly competitive prices, often threatening the jobs of western workers." This not so much misses the point as concedes it.

The true position is not one of trade unionists disunited by ideology as one of trade unionists in the west being threatened with unemployment, due to state regulation of workers in the eastern bloc. It is not a question of two ideologically distinct free trade union movements failing to unite to stop exploitation by multinational concerns, rather the free trade union movement in the west facing the threat posed by the export of unemployment from the eastern bloc.

The very reason multinational concerns find investment in eastern countries attractive, is that the workers in these countries lack a trade union movement that is free from state control to protect their interests. Consequently, wages are low, hours long, and safety standards lax.

It isn't a question of international solidarity being on trial; as a matter of it never having been tried. Developments in Poland of the first eastern "free" trade union Solidarity and the support it has received from western unions, indicated that international solidarity is possible, not necessarily between ideologically similar trade unions but between unions that are genuinely free.

F. J. Chapple.
*Hayes Court,*
*West Common Road, Bromley.*

## Ownership of Davy

*From Mr. J. Aylen.*

Sir,—Professor Barna (January 22) is apprehensive about the national implications if the leading British process plant contractor, Davy Corporation, comes under the control of the U.S. oil and gas company Enserch. In particular, Professor Barna emphasises the political significance and employment and technology advantages of strong national process plant contractors. He emphasises their strategic role in translating innovations in chemicals and steel into profitable exports of plant and equipment offering substantial employment in hardware manufacture.

The crucial question in this instance is whether the Enserch Corporation would continue to secure these substantial benefits for the British economy if they were to take over the Davy Corporation. In one area at least, iron and steel, it is clear that they are quite unsuited to maintaining Davy's role.

Davy is perhaps one of only half-a-dozen European and Japanese steel plant contractors capable of supplying the huge package or turnkey steelworks projects required by the newly industrialising countries. They have enjoyed considerable recent export success in Mexico and Brazil, and now Yugoslavia and Morocco. These huge orders, often worth as much as £200m-£300m at current prices, provide a considerable workload for skilled British design engineers and process plant manufacturers. The work is often sophisticated, with a high "value-added" content requiring specialised facilities.

Whoever manages Davy needs particular skills in iron and steel plant contracting. It is not a market where success is guaranteed. Successful contractors of the 1960s such as Krupp of West Germany, for instance, fell badly behind during the more competitive conditions of the 1970s when Davy enjoyed some of its greatest success. But Davy's continued success is not a foregone conclusion; it depends on skilled management familiar with the complex process of bidding for contracts and backing the right technologies.

Yet Enserch Corporation appears to have no skills or knowledge appropriate to steel plant contracting, or even nonferrous metals. Nor could it look elsewhere in America for the necessary talent. America's own steel plant contractors have declined from world dominance in the 1950s to world impotence in the 1980s. American steel plant contractors have seldom won an order in the past decade outside the by now technically backward and highly conservative U.S. steel industry. One of the most successful rolling mill builders of the 1960s has admittedly won major order in China, but only as a low cost sub-contractor for a leading German firm.

It would be tragic then, at a time when Europe and Japan have assumed world dominance in both steelmaking technology and steelplant contracting, if the ownership of the key British steel plant contractor should pass under American management.

Jonathen Aylen,
*(Lecturer in Economics),*
*University of Salford,*
*Salford.*

## External names

*From Mr. H. Rogers*

Sir,—I have followed the discourse regarding the Association of External Members of Lloyd's which has recently been formed, very closely, and as an "unelected representative" of what I am convinced is a very substantial silent majority, I am writing to say that this association does not—and why it does not—have my support.

I have been underwriting at Lloyd's for 15 years and during the whole of that time the only area of communication which I have felt should be strengthened was that external names had no opportunity to secure election to the committee. This has now been remedied, and external members now have direct representation on the council.

I do not believe that external names should or do look upon themselves as "sleeping partners." My syndicate in my opinion excels in the field of communication with their names. For years now, a regular meeting of names has been held—split between two evenings—and extremely well attended, at which detailed progress reports are made by the chairman and the syndicate underwriters, and an opportunity afforded for everybody to meet and talk to the underwriters in person. I have found them always to be forthcoming and helpful to a degree in dealing with my inquiries from time to time and the reports on the syndicate's progress which are circulated to all names whether they attend the annual meetings or not are detailed and informative. I cannot think that they are entirely unique and as far as I am concerned there is no function of communication which this association could perform better than my own agents.

The relationship between the agent and his names is unique. It has stood the test of time because of the profound responsibility owed by the agent to his name and the name to his agent. The functions of this association will usurp to a greater or lesser degree, and duplicate, the functions of the agent and in my opinion, are bound to lead to constant conflict of opinions between the agent and this association on matters where the agent is bound to be better qualified to advise than—please forgive me —an "external pressure group" can ever be.

I do not support the concept of this new association and I do not believe it to be in the best interests of external names or of Lloyd's as a whole.

H. J. Rogers.
*Old Timbers,*
*Badgers Holt,*
*Storrington,*
*Sussex.*

## One voice for Lloyd's

*From Mr. F. Kemball.*

Sir,—As a private individual and member of Lloyd's I am prompted by Mr. B. V. Payne's letter (January 20) to refer to one aspect of the External Members' Association.

Mr. Payne's comments concerning the relationship between underwriting members and their managing agents are to be applauded. Doubts, however, have been expressed as to whether those relationships will be maintained in the face of the proposed new constitution.

Under the draft Parliamentary Bill, all the members of Lloyd's will be disenfranchised, and those 15,500 who fall under the classification of external members will have their existing individual votes devolved to a minority of six members of the new council whom they must elect from among their own ranks to represent their viewpoint.

Is it surprising, therefore, that the widely-scattered external members, mostly unknown to one another, should be attracted to the idea of forming an association to act as an electoral college in order to identify and ensure the election of the six most worthy of their number? How else can such a selection process be achieved amongst 15,500 strangers?

The allegdly divisive effect of this move should not be blamed upon its initiators but rather upon the cause, that is to say the Fisher Report proposal to disenfranchise all the members and create two separate classes of electorate.

This recommendation arose because only 3 per cent of the members have, in recent years, exercised their right to be present and to vote at meetings. Candidates for the committee can only be elected by members voting in person, and most of those voting are thought to be working members voting for working member candidates. Thus the majority of non-working members are effectively denied a voice in the management of Lloyd's.

Despite these arguments there can be no more universally acknowledged principle than that of "one man, or one woman, one vote." Why does Lloyd's need to adopt for its elections and management a different principle from this proven one which works for most governments and international corporations?

If the right to vote exists then it will be exercised if the individual feels the issues to be of sufficient importance. Surely it is more desirable from every point of view that all members of Lloyd's should have the right to express their own individual views than that they should be disenfranchised and hand over that right to a very small minority of their number?

The geographical difficulties could be overcome and a wider franchise easily ensured by permitting postal or proxy voting in place of the personal attendance now required of the voting members. Of course, this would add to the administrative burden of Lloyd's, but surely that would be infinitely preferable to the divisions being created by the proposals to disenfranchise members and split them into two classes.

There are far more important issues of self-regulation raised by the Fisher Report which can be dealt with by the adoption of new bye-laws and, if necessary, by a revised constitution.

In the difficult and changing times which face us it is essential for the future of Lloyd's that its affairs should be in the hands of a united managing body elected by and answerable to a united membership, free of the sectarian influences which are inherent in the present proposals. Can we please think again?

F. M. Kemball.
Exchange House,
*180-182, St. Mary's Lane,*
*Upminster, Essex.*

## The real 'real interest rate'

*From Mr. R. Tonn.*

Sir,—I refer to the Lombard column by Anthony Harris, "The real real interest rate" (January 20). This statement is probably more to the point and tells us more about the plight of anyone trying to run a manufacturing business in Britain today, than anything that has been filling miles of newspaper columns in the last six months. This should appear not on page 14, but on the front page of your paper. It should then be repeated continuously until those who are responsible for the destructive nature of their policies, wake up and take real action to help industry.

Contrary to popular myth, those managers who must decide upon making people redundant do not do so without feeling or realisation of the consequence of their action. The possibility to continue one's business and therefore to continue to offer employment will only come about when earnings made by a company do not unnecessarily flow out of the company due to falsely created "market conditions," as Mr. Harris points out.

Ronald C. Tonn,
*3 West Bar,*
*Banbury, Oxon.*

# Today's Events

**GENERAL**

UK: Lord Carrington, Foreign Secretary, and Sir Terence Beckett, CBI director-general, speak at Institute of Export lunch, Goldsmiths' Hall, EC2.

Mr. John Biffen, Trade Secretary, speaks at Finance Houses' Association dinner, Savoy Hotel.

Mr. Tom King, Environment Minister for Local Government, opens National Water Council conference on the Water Decade, speakers include Mr. Peter Bourne, United Nations assistant secretary-general, Savile Row.

Earl of Limerick, British Overseas Trade Board chairman, presents British Airways/Institute of Directors Salesman of the Year Award, 116 Pall Mall.

Mr. John Moore, Energy Parliamentary Secretary, opens seminar on electric heat pumps, Cafe Royal, W1.

Mr. Mark Carlisle, Eduaction Secretary, statement on Open University new graduates.

Mr. David Basnett, General and Municipal Workers Union general secretary, and other union officials, meet Lord Jellicoe, Tate and Lyle chairman, to discuss Liverpool refinery closure.

Institute for Fiscal Studies conference on taxation of the family, Royal Institution.

Overseas: EEC Fisheries Council meets, Brussels.

European Security Conference resumes, Madrid (until March 5).

Dail (Irish Parliament) resumes after Christmas recess, Dublin.

Islamic conference continues, Taif, Saudi Arabia.

**PARLIAMENTARY BUSINESS**

**House of Commons:** Emergency debate on whether the purchase of Times Newspapers should be referred to the Monopolies Commission. British Nationality Bill, second reading. Imprisonment (Temporary Provisions) Act (Continuance) Order.

**House of Lords:** London Docklands Development Corporation (Area and Constitution) Order. Five Scottish Order Confirmation Bills, third readings. Wildlife and Countryside Bill, committee. Bill of Rights Bill, report.

Select Committees: Procedure (Supply), on supply procedure. Witness: Mr. K. A. Bradshaw, Clerk Assistant, House of Commons, Room 6, 4.45 pm. Foreign, Overseas Development Sub-committee, on British aid to Zimbabwe. Witnesses: Foreign Office and Overseas Development Administration. Room 15, 5 pm.

**OFFICIAL STATISTICS**

January provisional figures for unemployment and unfilied vacancies. CBI industrial trends survey for January. Bricks and cement production for fourth quarter.

# Mercantile House moves well ahead to £2.6m at six months

TAXABLE PROFITS of Mercantile House Holdings jumped from £1.42m to £2.61m for the half year to October 31, 1980, on *turnover well ahead at £15.85m*, against £9.42m.

Trading conditions are satisfactory at present and the board is *confident that the full year* results will reflect these conditions. Pre-tax profits for the 12 months to April 30, 1980 were £3.61m.

The group's interests cover international money broking, trading in U.S. securities and financial services.

*First - half figures include* results of Woellwarth for six months, results for two months from Woodstock and six weeks contribution from the three companies acquired from the J.P. Cabot Equity Corporation.

Adjusted earnings per 25p share are shown up from 13.03p to 19.23p and the interim dividend is raised 1p to 5p net—the final last time was 8.5p.

Tax for the six months took £1.44m (£0.74m) and after *minorities*, attributable profits increased from £0.68m to £1.16m.

**John Barkshire**
**Chairman**
**Mercantile House**

### comment

Good trading in its original business of money-broking has propelled **Mercantile House Holdings** to another impressive set of figures, fully justifying the growth rating of the shares. Turnover in the first half increased by more than two-thirds, with only a small part of the increase due to the U.S. acquisitions. Margins improved too, and as a result attributable earnings were 70 per cent ahead even after providing for tax at over 55 per cent. *In the full* year, the contributions from Cabot and Woodstock could well see earnings in the £3m mark. On yesterday's share price of 570p, up 20p, the earnings multiple would then be slightly over 12. The interim dividend was increased by a quarter; if the final were raised by the same proportion, the shares would be yielding 3.9 per cent. Cover has increased to 3.24 times at the interim, allowing retentions of over £0.8m; plans for continued expansion into commodity broking are said to be the most likely application for these funds.

# Cooper Inds. incurs loss: omits interim

AN UNPRECEDENTED reduction in demand for steel coupled with high interest rates have resulted in **Cooper Industries** plunging into the red at the interim stage.

For the six months to end-October, 1980, this West Midlands steel re-roller, precision engineer, steel stockholder, fastener and tool distributor, incurred a loss before tax of £442,000 compared with a profit of £437,000. Turnover for the period was over £3m lower at £9.05m.

However, the directors believe destocking has ended and that *the second half year will be* appreciably better.

They are omitting the interim dividend and say the position will be reviewed at the end of the year. Last time an interim of 0.6p was followed by a final of 0.65p from taxable profits of £726,000.

The loss *for the half year was* struck after a share of profits of associates of £54,000 (£57,000).

There was also an extraordinary debit of £36,000 (nil).

Tax for the period is expected *to be approximately £132,000* (£166,000), including write-off ACT not recoverable within the next 12 months and subject to any stock relief claims which are made on an annual accounts basis.

Full details concerning the disposal of the group's interest in *Lloyd Cooper and the acquisition* of shares in F. H. Lloyd Holdings will be forwarded shortly, the directors state.

### comment

*If* **Cooper Industries'** assumption that de-stocking has now ended turns out to be anywhere near accurate then the shares are going to start looking cheap at 9½p, down ½p yesterday. An optimist could point to the relative strength of the last balance sheet, the cash accruing from the Lloyds Cooper deal and the fact that full dividend restoration would cost under £400,000 to support a long odds speculation at this level. But the shifting winds of business confidence in the West Midlands are more difficult than ever to interpret and a recovery, when it comes, will not necessarily lead to previous levels of capacity utilisation. A better estimate of *the timing of the turn* may be forthcoming when Cooper releases more details of the intriguing associate company disposal and the big investment in F. H. Lloyd. The capitalisation, in the meantime, is under £3m.

# Stroud Riley improves at interim stage

A RISE in taxable profit from £115,000 to £237,000 is reported by **Stroud Riley Drummond**, the Bradford-based manufacturer of worsted suiting and knitted fabrics, for the half year to September 30, 1980. Turnover for the period was marginally lower at £3.59m, compared with £3.7m.

*Prospects for the remainder of* the year are difficult to assess but the directors are hopeful that a satisfactory outcome will be achieved.

They say the results for the first half were particularly commendable in the present very difficult trading conditions.

The interim dividend is being stepped up from 0.5p to 1p net and the board expects to pay not less than a similar amount at the year end. Last year the final was passed, the group incurring a pre-tax loss of £62,000.

*After tax of £51,000 (£45,000)* the net balance showed a rise from £70,000 to £186,000. Extraordinary debits amounted to £11,000 (£29,000) leaving attributable profit higher at £175,000 (£41,000). Dividends absorb £35,516 (£17,144).

The group has acquired a 27.37 per cent stake in Hield Brothers which the directors regard as a long-term investment.

### comment

**Stroud Riley** has rebounded from the losses of last year's second *half and restored the dividend* which was then omitted. The shares went ahead 3p to 52p, and have now appreciated by 68 per cent over their lowest price last year. Provided the board can fulfil its expectation of paying a final dividend of not less than 1p, the prospective yield is 5.6 per cent. Mr. Stefan Simmonds, the company's deputy chairman, holds 29.9 per cent of the equity and intends shortly to exercise his option to buy a further 9.2 per cent from the Selka family at 42p per share. Mr. Simmonds *would then have to make a* general offer to shareholders for the remaining equity, but as this would be pitched at 42p he is likely to get acceptances so long as the shares *remain near their* current price.

# Confidence at Greenall

IN THE light of the group's past achievements Mr. Christopher Hatton, the chairman of Greenall Whitley and Co., is confident that the company will continue to stride ahead in the future.

Mr. Hatton points out that in the North West, the major trading area of the group, unemployment is about 11 per cent against about 7 per cent a year ago.

At present, he says, the group's beer sales are down but he cannot be sure whether this trend is continuing.

During the year projects at six of its hotels added 150 bed*rooms and five new public houses* were opened. Three more have been added since the year end. Altogether, capital expenditure on fixed assets over the year was £13.9m.

As known taxable profits for the year to September 26, 1980, advanced by some 18 per cent, from £17.01m to £20.12m, on sales £17m higher at £179.3m. The total dividend was stepped up by 1p to 6.25p net and a one-for-one scrip was proposed.

At year-end shareholders' funds totalled £176.53m (£93.72m), following a property revaluation which threw up a surplus of £73.67m. Bank overdraft is given as £4.19m (nil). On a CCA basis the historical pre-tax profit is reduced to £15.04m. *Meeting:* Daresbury, February 19, noon.

# Ore prospects encouraging

OVERALL PROSPECTS for 1981 at ORE are encouraging and a year of further profitable growth is expected, Mr. Albert Wilson, the chairman, says in his annual report.

*Also several significant* developments during 1979/81 should provide a sound basis for further growth, he says.

As known, despite a relatively modest gain from £357,130 to £392,232 in sales, pre-tax profits of this supplier of underwater acoustic instrumentation, were £85,294 in the 12 months to September 30, 1980, in line with the forecast made at the time of the placing. In the previous 14 months the figure was £52,510.

In view of the requirements for the development of the company's business, the directors did not recommend payment of a dividend.

During the year the company also introduced to the North Sea a new side scan sonar system developed by its affiliate in the U.S., O.R.E. Inc.

With the continuing requirement for more equipment and personnel, *it became evident* during the year that additional working capital would be needed.

As a result, arrangements were made to obtain additional permanent financing and the year culminated with the placing in September of 36.7 per cent of the shares at a price of 67p per *share. This raised £201,370 net* of expenses.

# Derby Trust approaches £1m

Revenue before tax but after interest charges and management expenses of **Derby Trust** *improved in the 12 months* to end-December, 1980, from £801,864 to £948,764 and the net surplus came through at £598,158, compared with £526,154. Tax was £74,896 higher at £350,606.

The total dividend is being stepped up from 17.819p to 20.259p net with a final of 11.646p (10.627p).

*The gross value of the company's* assets rose by over 30 per cent during the year. Assets attributable to capital shares improved from £10.04m to £14.51m, and due to the gearing, the asset value per 50p capital share increased by 44½ per cent, from £3.91 to £5.65½.

# McCorquodale may spend slightly less

Capital spending by **McCorquodale and Co.** is expected to be at a lower level in the current year than last time. Mr. Alastair McCorquodale, chairman of the specialist print group, says in his annual report that the company has continued to invest selectively in new machinery and equipment, and during the year a further £7.2m was spent on fixed assets.

Total share capital and reserves rose by £2.4m to £28.5m and now represents £1.75 per ordinary share. Bank loans and overdrafts were £3.47m (£1.83m).

He says the company has taken advantage of the strong pound to repay some of its U.S. dollar borrowings out of sterling resources. He says its total U.S. dollar assets and liabilities are now broadly in balance.

The German subsidiary has been refinanced by borrowing Deutschemarks in the London market, and since the end of the year the company has strengthened the equity base of its successful French company by injecting new funds into France.

At the end of the year, total debt less cash was £9.4m and was covered three times by share capital and reserves.

As known, pre-tax profits for the year to September 30, 1980, *rose from £4.63m to £4.9m.* On a CCA basis this was reduced to £1.2m (£1.4m).

Meeting, The Institute of Directors, 116 Pall Mall, SW, February 18, at 10.30 am.

# Midland Trust at £216,000

Pre-tax income of the Midland Trust improved in the six months to end-December, 1980, from £207,036 to £215,830. The net figure came through at £151,081, *compared with* £144,929, after a marginal rise in tax from £62,107 to £64,749.

The interim dividend is maintained at 2.45p—last year a final of 3.85p was paid from taxable revenue of £438,250.

Stated earnings per 25p share for the half year were 3.58p (3.43p) and the net asset value was 117.5p (119p).

## NORCROS RIGHTS

An EGM of Norcros yesterday approved a resolution to increase the capital to £34m, thus permitting the one-for-four rights issue announced on January 9, to proceed. Provisional allotment letters have been posted and dealings will begin today

# Alton Box Board soars to $22m

IN THE three months to December 31, 1980, pre-tax profits of **Alton Box Board Company**, a 51 per cent owned subsidiary of Dublin-based Jefferson Smurfit Group, jumped from $175,000 to $4.65m. This increase helped push full year profits up to $21.81m, compared with $8.2m for the previous 12 months.

Sales in the fourth quarter rose from $78.35m to $84.42m, and on the full year increase was from $301.38m to $334.34m.

Mr. Michael W. J. Smurfit, president and chief executive, praised his employees' efforts in reducing costs. He says the company's cost reduction programme will continue to be emphasised in 1981, particularly in view of the paper board industry's heavy usage of energy and continuing *escalation of oil costs* that continues to place pressure on profits.

The year-end pre-tax figure includes gain on the sale of Godfrey Plant amounting to $2.84m. After a tax charge of $9.72m ($455,000 credit), and an extraordinary item of $429m, net income was up from $3.65m to $7.8m. The extraordinary item was the settlement, after tax, in respect of litigation.

Net earnings per share before extraordinary item are $5.29 ($1.6) and $3.41 ($1.6) after.

# Norwest Holst almost £0.2m off target

HIGH INTEREST rates and the slow-down in the housebuilding division have affected first-half profits of **Norwest Holst Holdings**, the civil engineering and construction group, causing it to *miss its November forecast by* nearly £0.2m

For the six months to September 30, 1980, trading surplus fell from £2.42m to £1.19m, but with exceptional debits much lower at £0.36m (£4.28m) pre-tax profits came out at £0.83m, *against losses of £1.56m last time.* The directors had previously indicated a half-year taxable figure of £1m.

First-half figures relate to Norwest Holst Holdings for the seven months ended September 30 and incorporate the post-acquisition results of Norwest Holst Limited for the half year. *Comparative results are of Norwest Holst Limited.*

Last year, the company, formerly known as Wexcourt, acquired Norwest Holst Limited and later itself became a subsidiary of Dunham Mount Holdings, a private company.

The current work-load shows *an improvement on last year*, but margins remain tight, reflecting the very competitive market, the directors state.

Turnover for the half year improved from £89.41m to £93.04m. There was a tax credit this time of £30,000 and after extraordinary credits of £0.49m (£0.13m debits) attributable *profits emerged at £1.35m*, against losses of £2m. Dividends absorb £0.31m (£0.19m).

As a result of the company's development projects now being fully let, £2m of unrealised surpluses have been added to shareholders' funds. Liquidity has *improved and net borrowings* have reduced by some £1.4m, leaving substantial unused facilities.

## NEW LIFE BUSINESS

# Provident annual premiums up

NEW ANNUAL premiums up by over 10 per cent in 1980 are *reported by the Provident* **Mutual Life Assurance Association**. These amounted to £24.4m compared with £22.1m in 1979. Single premium business, however, decline slightly from £9.9m to £9.5m.

Group pensions business had another successful year with new annual premiums advancing by one-third *from* £10.5m to £13.9m and single premiums improving by over 50 per cent from £1.1m to £1.7m. Personal *pensions business was also* buoyant, with annual premiums rising 16 per cent from £1.1m to £1.5m and single premiums by the same amount to £1.3m. But new annual premiums on executive pensions declined by one-quarter from £5.8m to £4.3m.

On ordinary life business, new annual premiums rose slightly from £4.7m to £5m, with growth in the market for regular *savings. Single premiums*, however, fell by one-third from £3.8m to £2.5m.

Fund under management of the managed fund subsidiary **Provident Mutual Managed Pensions Funds**, doubled last year from £25m to £51m. New annual premiums were slightly lower at £2.8m against £2.9m. But new annual premiums doubled from £900,000 to £1.8m —this growth being offset by a drop in transfers from the *parent company from £2.1m to* £1m. Single premiums were slightly lower at £7.6m against £8.1m.

A slight rise in new annual premiums in 1980 from £5.47m to £5.86m is reported by the **National Mutual Life Assurance Society**. This growth came entirely from the pensions sector where new annual premiums improved by two-thirds from *£2.01m to £3.26m. Self-employed* pensions showed good growth and managed fund business improved.

New annual premiums on ordinary business dropped by one-quarter from £3.46m to £2.60m, while single premiums business declined from £1.95m to £1.66m. This latter *fall arose* from a decline in sales of guaranteed income bonds which were halved last year.

Mr. Richard Jenks, general manager of the company, said that the society was continuing with its plans to curtail its investment in residential mortgages and develop its pensions business.

**The Scottish Equitable Life Assurance Society** experienced lower new life business last year. *New annual premiums overall* declined 5 per cent from £14.8m to £14.1m and single premiums by 20 per cent from £22.5m to £18m.

Mortgage-related endowment premiums fell by one-third from £1.9m to £1.2m, reflecting the dull house purchase market last year. *Ordinary savings plans* were 40 per cent lower at £600,000 against £1m, but self-employed pension annual premiums remained steady

# The Fraser board meets tomorrow

By John Moore

A BOARD meeting of **House of Fraser**, the department stores *group which owns Harrods*, is to be held at 10 a.m. tomorrow in London. Mr. Tiny Rowland, chief executive of Lonrho, which is House of Fraser's largest share*holder, is to attend.*

The meeting has been called to discuss the continuing role or possible removal of S. G. Warburg, merchant banking adviser *to the Fraser group; the continuing* relationship of Lonrho with the Fraser group; Sir Hugh Fraser's own position following the surprise reconciliation between him and Mr. Rowland; and the future of the Fraser group following its recent battles with Lonrho.

The meeting will be held at Fraser's Barkers store in Kensington. Lord Duncan-Sandys, Lonrho's chairman, will also attend. Both he and Mr. Rowland have seats on the Fraser board. Lonrho owns 29.99 per cent of the Fraser equity.

Mr. Rowland said on Sunday that he wanted to "get rid of *Professor Roland Smith*," the deputy chairman, brought in by Warburg, as well as Warburg itself.

He said: "I don't feel that any board should resign its affairs into the hands of a merchant bank. As to myself, and of course I am not speaking for the House *of Fraser board*. I know that the one time I did want their help and advice, when Warburg's were Lonrho's merchant bankers, they were off like rabbits." Warburg resigned from advising Lonrho in 1971.

The latest moves follow a fierce battle between Lonrho and *House of Fraser. Lonrho* had been seeking to block a £29m sale-and-leaseback deal of Fraser group's D. H. Evans store in Oxford Street. It was defeated last Tuesday at an extraordinary general meeting in Glasgow of House of Fraser shareholders.

Barely 48 hours after the meeting, Sir Hugh Fraser *and* Mr. Rowland had buried their differences at a private meeting. Mr. Rowland cancelled a plan to put up Lonrho's 29.99 per cent shareholding for sale.

Mr. Hugh Jenkins, of the National Coal Board pension funds, a large institutional shareholder in the Fraser group, is due to see Sir Hugh today to discuss the latest developments. Mr. Jenkins is representing a number of *institutions heading* their specially formed "case committee" which is studying the situation.

Institutional shareholders were saying yesterday that they were concerned at the continuing unrest and uncertainty at board meetings.

Other institutions are concerned about the structure of the Fraser board and would like to see it further strengthened.

Warburg suggested to Sir Hugh last June that *he should* relinquish the chairmanship of House of Fraser and become president of the company.

Mr. Rowland said yesterday that he would "fight tooth and nail" to keep Sir Hugh as chairman and had consulted his group's solicitors to see what could be done.

# Progress shown by Bank Leumi

STEADY progress, particularly in local deposits and loans, was made by **Bank Leumi (UK)** in the year to December 31, 1980. Net profits, after *tax* and *transfer* to inner reserves, rose from £340,030 to £513,613. Retained profits amounted to £209,113 compared with £110,990.

Although the strength of the pound mitigated the growth of foreign currency balances and income in sterling terms, profits showed a substantial growth which is reflected in the directors' recommendation to increase the final dividend from 5.768p to 7p for a net total of 10.15p (8.568p).

The bank proposes to extend its branch network during the year by establishing a new *branch* at Edgware, North London.

Bank Leumi (UK) is a 74.16 per cent owned subsidiary of Bank Leumi le-Israel BM, *Israel's largest banking group*, which in turn is a subsidiary of Otzar Hityashvuth Hayehudim.

**Rights Issue, Page 22**

# Hallite ahead but warns on full year

**Hallite Holdings**, manufacturer of synthetic rubber and plastic precision seals, reports a 13 per cent pre-tax profit advance from £301,976 to £342,659 for the six months to November 1, 1980, on turnover 11 per cent ahead from £3.81m to £4.22m. However, Mr. J. Gordon, chairman, warns of a lower full year result.

*Tax for the six months took* £143,917 (£126,830), earnings per 50p share rose from 7.6p to 8.5p and the net interim dividend is held at 2.5p. Last year's total payment was 7.75p on profits of £785,000.

Mr. J. Gordon says that the reduced demand experienced during the second half of last year continued into the first half of this. However, overheads were reduced and the workforce adopted a flexible attitude to *improving productivity.*

Disappointing results were achieved by Hallite Plastics and Hallite Minns.

# Royal Ins. rights 87.3% accepted

Acceptances have been received in respect of 87.3 per cent of the 37.66m shares offered by Royal Insurance Company in a one-for-four rights issue last month to raise £116.3m. The remainder have been sold in the market.

The net proceeds of 24.4 per share will be distributed pro-rata to those shareholders who did not exercise their rights. No payment will be made of any amount less than £1.

## BLEAK OUTLOOK AT FAIRDALE

In his interim statement Mr. P. D. Froomberg, the chairman of Fairdale Textiles, warns that the outlook for the remainder of the year looks bleak. He says the recession in clothing and textiles, if anything, would intensify still further.

However, he adds that *strenuous efforts* were being made to contain costs and increase operating efficiency, stocks were fully under control and the company's liquidity position was at a healthy state.

Mr. Froomberg is confident that the company will be able to resume progress when trading conditions improve.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Bank Leumi (UK) | | 7 | March 26 | 5.77 | 10.15 | 8.57 |
| *Cooper Inds.* | int. | *nil* | — | *0.6* | — | 1.25 |
| Hallite Holdings | int. | 2.5 | April 1 | 2.5 | — | 7.75 |
| Mercantile House | int. | 5 | March 9 | 4 | — | 12.5 |
| Midland Trust | int. | 2.45 | March 2 | 2.45 | — | 6.3 |
| Piccadilly Theatre | | 2 | April 3 | 1.5§ | 2 | 1.5§ |
| Stroud Riley | int. | 1 | March 9 | 0.5 | —‡ | 0.5 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final not less than 1p anticipated. § For nine months

## LONDON TRADED OPTIONS

Jan. 26 Total contracts 665

| Option | Exercise price | April Closing offer | April Vol. | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 330 | 94 | 1 | - | - | - | — | 402p |
| BP | 420 | 22 | 8 | 40 | 10 | 50 | 10 | " |
| BP | 460 | 9 | 7 | 20 | .. | - | -- | " |
| BP | 500 | 4 | 2 | 12 | 2 | — | -- | " |
| Com. Union | 130 | 22 | .. | 24 | 2 | 28 | — | 146p |
| Com. Union | 140 | 14 | .. | 16 | 1 | 20 | 3 | " |
| Com. Union | 160 | 4 | 10 | 7 | 4 | 10 | 8 | " |
| Cons. Gold | 460 | 45 | 2 | 55 | — | 73 | — | 470p |
| Cons. Gold | 588 | 4 | . | 12 | 1 | . | -- | " |
| Courtaulds | 50 | 3½ | | 11½ | — | 14 | 6 | 52p |
| Courtaulds | 60 | 5 | 10 | 6½ | 34 | 9½ | 1 | " |
| Courtaulds | 70 | 1½ | 10 | 3½ | - | - | — | " |
| GEC | 550 | 70 | 30 | 95 | -- | 120 | — | 593p |
| GEC | 600 | 38 | | 65 | 3 | 88 | — | " |
| GEC | 650 | 20 | 2 | 42 | 6 | — | 1 | " |
| Grand Met. | 140 | 22 | - | 29 | 19 | 31 | 15 | 158p |
| Grand Met. | 160 | 7 | 24 | 16 | - | 19 | — | " |
| ICI | 330 | 5½ | 100 | 13 | 2 | — | — | 286p |
| ICI | 360 | 2 | | 7 | 3 | -- | — | " |
| Land Sec. | 360 | 35 | 26 | 46 | 3 | 59 | — | 378p |
| Land Sec. | 390 | 18 | 17 | 28 | — | 41 | 1 | " |
| Marks & Sp. | 120 | 7½ | 25 | 12 | 5 | 15½ | — | 117p |
| Shell | 420 | 56 | 5 | 50 | — | 60 | — | 434p |
| Shell | 460 | 17 | 20 | 25 | - | 40 | — | " |
| Shell | 500 | 11 | 13 | 18 | .. | — | - | " |
| Shell | 550 | 4 | | 9 | 3 | — | — | " |
| Totals | | | 309 | | 95 | | 38 | |
| | | February | | May | | August | | |
| Barclays B'k | 460 | 2 | — | 7 | — | 18 | 3 | 398p |
| Imperial Gp. | 70 | 9 | 5 | 9½ | — | 12½ | — | 77p |
| Lasmo | 650 | 45 | 1 | 87 | — | 117 | — | 672p |
| Lasmo | 700 | 20 | 2 | 60 | -- | 90 | — | " |
| Lasmo | 750 | 5 | — | 42 | 1 | 69 | — | " |
| Lasmo | 800 | 1½ | ... | 28 | 5 | 52 | — | " |
| Lonrho | 64 | 37 | 1 | -- | .. | — | — | 99p |
| Lonrho | 90 | . | . | 16 | 30 | 21 | 5 | " |
| Lonrho | 94 | 3 | 10 | . | — | . | — | " |
| Lonrho | 100 | — | . | 9½ | 7 | 13½ | — | " |
| Lonrho | 104 | 5½ | 71 | — | . | .. | — | " |
| Lonrho | 110 | — | — | 5 | 4 | 3 | .. | " |
| Lonrho | 120 | ½ | — | 2½ | 2 | 4 | -- | " |
| P. & O. | 120 | 31 | .. | 6½ | 3 | 14 | . | 116p |
| Racal Elec. | 300 | 23 | 9 | 40 | . | 55 | . | 315p |
| Racal Elec. | 330 | 8 | 23 | 25 | 2 | 37 | - | " |
| Racal Elec. | 360 | 2 | | 15 | 20 | 26 | — | " |
| RTZ | 390 | . | . | 38 | 1 | 45 | -- | 395p |
| RTZ | 414 | 7 | 10 | 25 | — | .. | — | " |
| RTZ | 454 | 1½ | -- | 10 | 1 | — | - | " |
| RTZ | 460 | .. | — | — | — | 15 | 4 | " |
| RTZ | 494 | ½ | | 4 | 1 | .. | — | " |
| Totals | | | 152 | | 76 | | 12 | |

## SPAIN

| January 23 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 285 | +3 |
| Banco Central | 308 | +4 |
| Banco Exterior | 250 | +2 |
| Banco Hispano | 260 | +4 |
| Banco Ind. Cat. | 121 | |
| Banco Madrid | 141 | |
| Banco Santander | 310 | +1 |
| *Banco Urquijo* | 153 | +2 |
| Banco Vizcaya | 283 | +3 |
| Banco Zaragoza | 217 | |
| Dragados | 102 | +4 |
| Esponalo Zinc | 45 | |
| Fecsa | 57.7 | |
| *Gal. Preciados* | 27 | +1 |
| Hidrola | 66.2 | −0.5 |
| Iberduero | 60.7 | +0.5 |
| Petroleos | 86.6 | −0.2 |
| Petroliber | 75 | |
| Sogefisa | 102 | |
| Telefonica | 61 | +1 |
| Union Elect | 63 | +0.5 |

# Companies and Markets BIDS AND DEALS

## Asscd. Newspapers offer for Bristol Post

BY ALAN FRIEDMAN

THE Associated Newspapers Group is to appeal directly to shareholders of the Bristol Evening Post (BEP) with an offer of 190p in cash for each ordinary share of 25p, a price which values the entire share capital of the Bristol group at £7.76m.

Associated, which holds 23.8 per cent of the Bristol Evening Post, said that since mid-September 1980 it had tried to secure the agreement of the Board on terms of a full merger. But these efforts "have not met with a favourable response."

Under the terms of a 1966 agreement, however, Associated may not make an outright bid offer because of a provision which precludes it from increasing its stake above the current level.

So Associated has asked the Board of Bristol to confirm by February 2 that an extraordinary general meeting will be convened before March 2 to consider a resolution modifying the 1966 agreement between the companies. If the meeting is not called by the Bristol Board, Associated plans to use its holding to requisition one itself.

Mr. Michael Shields, managing director of the Associated group, said yesterday that the Bristol Board wanted to maintain the "existing situation." Associated holds 23.8 per cent, Associated directors 2.3 per cent and the Harmsworth Pension Fund a further 3.8 per cent of the Bristol Evening Post. In addition, Associated and the Daily Mail and General Trust (an associate) together own around 40 per cent of Bristol United Press (BUP), the main trading subsidiary of BEP.

"We think it is time for a change," said Mr. Shields. He noted in particular a report by the Monopolies and Mergers Commission last March which he said recognised Associated as a "controlling shareholder in BEP's newspaper interests."

Mr. Shields said that the Associated offer would probably not be referred to the Monopolies Commission because its shareholding already made it, under the Fair Trading Act, a "proprietor" in relation to BUP. In the report issued last March on another issue (the West Somerset Free Press), it was stated that if Associated were, in some unforeseen circumstances, to increase its shareholding in BUP or even to acquire the whole of its share capital, it could do so without obtaining the consent of the Secretary of State under the newspaper mergers provisions of the Fair Trading Act.

Mr. Shields stressed that Associated does not wish to control the editorial policy of the Bristol newspapers. "We just think the company could make considerably bigger profits if it were part of our group," he added.

Last year Bristol achieved record pre-tax profits of £2.6m. In the first half of the current year, however, it showed losses of £53,000 at the pre-tax level and some City analysts are predicting a full year pre-tax profit of just £800,000.

At the Bristol Evening Post, Mr. Andrew Breach, the chairman, said a Board meeting had been convened for this Thursday to discuss the contents of the letter from S. G. Warburg, Associated's advisers, on the offer. Mr. Breach said no formal bid was made last September.

The Bristol Board is likely to convene an extraordinary general meeting on the issue of the 1966 agreement.

Associated says it wants its shareholding in Bristol to be commensurate with its responsibilities as a newspaper proprietor. Other reasons for the bid include dissatisfaction with the company's diversification into areas "in which it has little expertise." Mr. Shields singled out the acquisition of James Dixon in late 1977, a business which lost £40,000 in trading and £305,000 in write-offs and other provisions.

He also referred to Bristol's retailing interests, which he described as "clearly a mistake." Associated could also help Bristol in the field of new technology, he said.

Apart from Associated and the Daily Mail group, the only other major outside shareholder is the Imperial Group's Pension Funds, holding 5.3 per cent of Bristol Evening Post. Mr. Norman Ferguson, investment manager of the funds, said his organisation had no opinion on the bid offer yet. "It is always tempting when you are offered nearly twice the share price, but we will listen to the arguments and let the facts emerge before making any decision," he said.

The cash offer of 190p represents a premium of 77.6 per cent over the middle market price of Bristol shares last Thursday. Bristol share price yesterday rose 60p to 165p after the announcement of Associated's planned offer. Its high during the past 12 months was around 150p and its low point was 103p.

The 190p cash offer carries with it a loan note alternative and will be sent out to shareholders only after the precondition regarding the 1966 agreement has been fulfilled.

## Martin halts Bierbaum talks over Whyte

MONEY BROKER R. P. Martin is refusing to continue talks with the German foreign currency dealers, Bierbaum and Co., on the development of their business and financial relations so long as Mr. Tom Whyte remains a member of the Bierbaum group. Martin shares fell 5p on the news, but rallied to close at 148p, up 1p.

Last November Bierbaum said it had bought a 29.9 per cent stake in Martin and planned to initiate discussions that might lead to a full bid. A few days later, Bierbaum said it held only 15 per cent of Martin and that Mr. Whyte, former chairman of Triumph Investment Trust, which crashed in 1974, and Mr. Gunter Kreissel, a Dusseldorf businessman, each held 7.45 per cent.

On November 20, Martin and Bierbaum said in a joint statement that Mr. Whyte was a passive investor "and will not be participating in the future talks. . . Nor will he be involved in the management of either company."

However, Mr. Whyte attended the meeting yesterday between Bierbaum and Martin advisors that was intended to discuss further development.

Mr. Whyte said that he attended only to deny recent allegations by Martin that he would be more than a passive investor. He would not attend any future meetings.

"I have no intention to take any kind of active role in the company," he added.

Martin's view is that as long as Mr. Whyte is part of the Bierbaum group or an "associate," as the Bierbaum advisors' press release put it yesterday, he is not in fact a passive investor.

Mr. Whyte confirmed that Bierbaum's proposal is that two Bierbaum directors be elected to the board of Martin and that they represent the entire group.

Mr. Wolfgang Strück, one of the partners of Bierbaum, said he did not think the discussions were irrevocably broken off, and pointed out that the two groups have maintained an open telephone line so they are still working together.

Mr. Strück said Bierbaum was most reluctant to break away from Mr. Whyte who had brought the Martin deal to the company. He wondered if Martin were using the issue of Mr. Whyte's presence as an excuse for their reservations about sharing control of the business with Bierbaum.

However, he said Bierbaum would not attempt a full bid for Martin if Martin directors were hostile to it.

"We either do it as friends or not at all."

Asked if Mr. Whyte was more important than Martin, he said, "No." But Mr. Whyte had not been asked to withdraw from the group.

Mr. P. J. Walling, deputy managing director of Martin, said the company would have liked to do business with Bierbaum and had expected that Bierbaum's shareholding in Martin would increase.

Lord Remnant, chairman of the Touche Remnant Group, said he was sorry to see Bierbaum withdrawing, but did not think that detracted from the value of Martin as an investment.

Investment trusts managed by Touche Remnant bought a 19.8 per cent stake in Martin last month, partly as an investment and partly in the hope of developing the international aspects of Touche, Remnant's business.

## Thorn/EMI may sell record plants

Electrosound Group of the U.S. has started talks on the possible purchase of three manufacturing facilities from Thorn/EMI's Capitol Records subsidiary for about $5m (£2.1m) plus the assumption of certain liabilities.

The facilities consist of record plants in Hollywood, California, and Roselle, New Jersey, and an audio tape duplicating plant in Council Bluffs, Iowa.

Under the agreement, Electrosound said it would make available production capacity for records and tapes for Capitol, which will still have three record and tape plants. The plants involved in the deal with Electrosound were acquired when EMI bought United Artists.

If the boards of both companies approve, the transaction should be concluded within 60 days.

## True Temper to bid for Maguire and Paterson

Maguire and Paterson, the Dublin-based manufacturer of matches and distributor of personal products, has been notified that True Temper (Ireland) intends to make an offer of £2.10 per stock unit for all the outstanding capital.

The offer (valuing Maguire at £1.86m), is subject to the approval of Allegheny Ludlum Industries, the ultimate parent of True Temper (Ireland), which already controls 32.9 per cent of the Maguire ordinary stock through its UK offshoot Bryant and May (Holdings). It is also subject to the support of the Maguire board.

Maguire advised shareholders yesterday to take no action. It said that the board together with its financial advisers, the Investment Bank of Ireland, were considering the matter and would be advising shareholders in due course. The Maguire shares were recently dealt in at 165p.

True Temper (Ireland) is part of the U.S. garden tools and sports goods offshoot of Allegheny. The True Temper group was originally purchased from Allegheny by Wilkinson Match in a controversial deal in March, 1978, under which Allegheny ultimately acquired a 44.4 per cent stake in Wilkinson. Wilkinson was subsequently fully absorbed by Allegheny last July.

### REGIONAL PROPERTIES

Mr. N. S. Conrad, the chairman and chief executive of Regional Properties has increased his interest in the company to 39.12 per cent of the equity and 8.05 per cent of the total issued share capital.

This is as a result of a transfer to him of the beneficial interest in 811,221 ordinary shares and the transfer to his wife of the beneficial interest in 37,824 "A" ordinary. Both transfers have been effected by the trustees of a discretionary family trust of which Mr. Conrad and his wife are beneficiaries.

## Renwick shares suspended

Renwick Group, the transport and fuel distribution company in which mystery foreign buyers have built up major holdings, yesterday asked for its shares to be suspended pending an announcement today.

Neither the company nor its advisers, Samuel Montagu, were available for comment after the suspension news. AAH bid an agreed £5.8m for Renwick last October, but dropped its offer after gaining acceptances of only just over 21 per cent.

AAH still owns nearly 12 per cent of Renwick, but the biggest shareholder is Kangra International of Hong Kong which has built up an interest of 27.5 per cent. Renwick has said it does not know the real identity of Kangra.

The same applies to the 22.5 per cent held by Uto Bank of Zurich for six clients. Both the Kangra and Uto Bank shares were bought through the A. J. Bekhor stockbroking firm.

Bekhor has told the Takeover Panel that the Kangra and Uto stakes are separate and that the various clients of the Zurich bank are also unconnected. At yesterday's suspension price of 77p, up 3p, Renwick is valued at almost £7m in the market.

### MARLEY MAKE FLUE BLOCK ACQUISITION

Marley, through its subsidiary Marley Buildings, has agreed to acquire the domestic gas flue block business of True Flue, carried out under "Typex" and "True Flue" trade names. In 1980, sales of these products totalled £650,000.

True Flue's other activities, including chimney and refuse shoots, are not included in the deal and will be continued by its associate company, True Crete, where 130 people are employed and where components are compression moulded from thermoset plastics materials for the automotive, textile, building, domestic and electrical industries and for the Ministry of Defence.

### WESTPOOL INVST.

Prudential Corporation reports that as a result of group's recent capital reorganisation its group of companies now holds less than 5 per cent of Westpool Investment Trust's ordinary shares in issue but holds 914,817 deferred ordinary shares (6.30 per cent of that class).

## Brooke Bond's Mallinson bid 94.6% accepted

Brooke Bond Liebig's offer for Mallinson Denny has been accepted in respect of 50.35m (94.56 per cent).

The ordinary offers have become unconditional as to the level of acceptances and have otherwise been extended until February 2.

Acceptances have been received in respect of 1,543,896 preference (83.27 per cent), the preference offer will also be extended until February 2.

A subsidiary of Brooke Bond owned 21.36m ordinary Mallinson shares prior to the offer which, together with the acceptances total 71.71m ordinary (96.12 per cent).

Elections to receive additional Brooke Bond ordinary instead of cash totalled 9.5m shares and elections to receive additional cash instead of Brooke Bond ordinary amounted to 28m shares.

If applicable it is intended to acquire compulsorily any outstanding shares in Mallinson.

## Queens Moat buys hotel

Queens Moat Houses is to buy the Cotswold Hotel in Southampton for £900,000 in cash from Gilleys Hotels and Catering, a family concern.

The 80-room hotel will be renamed the Southampton Moat House. Its acquisition will bring the number of hotels in the group to 22.

### COLMORE INVST.

Colmore Investments, which is the subject of a bid from Nesco Investments, announces that Midland and Northern nominees has disposed of 202,500 ordinary (5.0625 per cent), reducing its holding to nil.

### ST. GEORGE'S

Shareholders of St. George's Laundry (Worcester) have confirmed the company's acquisition of the trading interests and assets of the laundry operations of Provincial.

### COURTAULDS

The National Plastics Group, part of Courtaulds, has acquired the thermoset plastics moulding equipment together with stocks of GPG International (Guinness Plastics Group), at Warwick.

This will be used to widen the range of equipment at National Plastics, Coventry.

### SHARE STAKES

Royal Insurance — Kuwait Investment Office acquired on January 23 an interest in a further 2.44m shares making as at that date 10.52m (5.59 per cent).

R. Green Properties — Throgmorton Street Nominees has acquired 200,000 shares making holding 1.23m (10.05 per cent).

Startrite Engineering — 600 Group now owns over 98 per cent of each class of share capital and intends to compulsorily acquire the outstanding shares.

Cornell Dresses — Offer by Polly Peck now closed. Acceptances received in respect of 1.71m shares (56.9 per cent).

Evered and Co. Holdings — Britannic Assurance, consequent upon its sale of 296,250 shares on January 20, is now interested in less than 5 per cent.

Caledonia Investments — Kuwait Investment Office acquired, on January 5, 20,000 shares making interest 1.53m shares (8.69 per cent).



## EUROPEAN OPTIONS EXCHANGE

| Series | | April Vol. | April Last | July Vol. | July Last | Oct. Vol. | Oct. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN C | F.280 | 1 | 8 | — | — | — | — | F.274.50 |
| ABN C | F.300 | 11 | 3 | — | — | — | — | " |
| AKZO C | F.17,50 | 25 | 1 | 26 | 1.40 | 5 | 2 | F.17 |
| AKZO C | F.20 | 201 | 0.50 | 38 | 0.80 | 2 | 1.30 | " |
| AMRO C | F.60 | 3 | 1.50 | — | — | — | — | F.57 |
| KODA C | $70 | 10 | 4½ | — | — | — | — | $69 |
| KODA C | $80 | 10 | ½ | — | — | — | — | " |
| HEIN C | F.55 | — | — | 3 | 2.80 | 7 | 4.30 | F.53.20 |
| HEIN P | F.50 | 1 | 1 | — | — | — | — | " |
| HEIN P | F.55 | — | — | 5 | 4 | 1 | 4 | " |
| HOOG C | F.15 | 5 | 0.50 | — | — | 13 | 1.50 | F.14.40 |
| IBM P | $75 | 1 | 9½ | — | — | — | — | $65 |
| KLM C | F.55 | 13 | 7.80A | 12 | 9.80 | — | — | F.60.70 |
| KLM C | F.60 | 2 | 4.50 | 8 | 6A | 2 | 7.80 | " |
| KLM C | F.70 | 77 | 1.10 | — | — | — | — | " |
| KLM P | F.55 | 2 | 1.20 | — | — | — | — | " |
| KLM P | F.60 | 13 | 2.60 | 5 | 4 | — | — | " |
| NATN C | F.120 | — | — | 8 | 7 | — | — | F.120.80 |
| PETR C | Fr.5000 | 10 | 1.70 | 5 | 200 | — | — | Fr.4900 |
| PHIL C | F.15 | 47 | 2.40 | 31 | 2.80 | 17 | 3.30 | F.16.70 |
| PHIL C | F.17,50 | 348 | 0.90 | 255 | 1.40 | 270 | 1.80 | " |
| PHIL C | F.20 | 211 | 0.30 | 1348 | 0.50 | — | — | " |
| PHIL P | F.15 | 10 | 0.20 | 120 | 0.40 | — | — | " |
| PHIL P | F.17,50 | — | — | 4 | 1.60 | — | — | " |
| OLIE C | F.200 | 20 | 16.50 A | — | — | — | — | F.210.50 |
| OLIE C | F.220 | 115 | 7.70 | 4 | 11 | — | — | " |
| OLIE C | F.240 | 99 | 2.10 | 27 | 5 | — | — | " |
| OLIE P | F.170 | 4 | 0.40 | — | — | — | — | " |
| OLIE P | F.180 | 22 | 0.50 | — | — | — | — | " |
| OLIE P | F.190 | 31 | 1.80 | — | — | — | — | " |
| OLIE P | F.200 | 23 | 5 B | — | — | 5 | 12.30 | " |
| OLIE P | F.220 | 5 | 14.50 | — | — | — | — | " |
| OLIE P | F.240 | 7 | 32.50 | — | — | — | — | " |
| UNIL C | F.120 | — | — | — | — | 12 | 13.30 | F.127.80 |
| UNIL P | F.130 | 5 | 4.10 | 1 | 7.70 | — | — | " |
| EXON C | $80 | 10 | 2⅞ | — | — | — | — | $76¼ |
| | | Feb. | | May | | Aug. | | |
| BOEI C | — | 20 | 1⅝ | 2 | 4⅝ | — | — | $40⅝ |
| BOEI P | $45 | — | — | 20 | 1⅝ | — | — | " |
| BOEI P | $45 | 11 | 4⅝ | — | — | — | — | " |
| OCCI C | $30 | 32 | 2⅛ | — | — | — | — | $31½ |
| SIEM C | DM.280 | — | — | 5 | 2 | — | — | Dm266.30 |
| SLUM C | $100 | 10 | 13½ | — | — | — | — | $110 |
| SLUM C | $110 | 12 | 6 | — | — | — | — | " |
| SLUM C | $130 | — | — | 1 | 4 | — | — | " |

TOTAL VOLUME IN CONTRACTS 3711

A=Asked B=Bid C=Call P=Put

# MINING NEWS

## Canada reaching C$8bn coal deal with Japan

BY KENNETH MARSTON, MINING EDITOR

AS FORESHADOWED here on Saturday, what could be Canada's biggest-ever export contract is within the grasp of Denison Mines and Teck Corporation.

It involves the supply over 15 years from October, 1983, of 115.5m tonnes of coal from British Columbia worth possibly up to C$8bn (£2.8bn) to a consortium of Japanese steel companies.

It is reported that Denison has secured a 15-year contract to supply the Japanese with an annual 5m tonnes of metallurgical coal and 1m tonnes of thermal coal over 15 years from its big 38.25 per cent-owned Quintette mine.

The other partners in the development are: Esso Resources Canada 16.75 per cent, Charbonnages de France 10 per cent and, with holdings of 17.5 per cent each, Japan's Mitsui Mining and Tokyo Boeki.

The price for the metallurgical coal to be shipped from Quintette is believed to be C$75 per tonne and the total value of the contract is estimated at C$6bn, reports John Soganich from Toronto.

He adds that Teck Corporation is understood to be on the verge of signing a deal with the Japanese customers for the delivery from its nearby Bullmoose mine of 1.7m tonnes a year of metallurgical coal over the 15-year period.

The two deals would probably mean an investment of about C$800m by the Quintette partners and some C$150m by Teck. In addition, the Canadian federal and British Columbia provincial governments are expected to spend close to C$700m on the infrastructure, including rail and coal loading facilities, needed in this undeveloped area of north-eastern British Columbia.

The Japanese consortium of coal buyers is headed by Nippon Kokan and includes Nippon Steel and Kawasaki Steel. This long-awaited north-east BC development is expected to create 2,300 permanent new jobs.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims — Daejan, Hambro Trust, Inchcape, MFI Furniture, Benjamin Priest, Stewart Plastics, Zetters.

Finals — Ashdown Investment Trust, Bertrams, Eurotherm International, Glass Glover, Vantage Securities.

**FUTURE DATES**

| | |
|---|---|
| **Interims—** | |
| Crouch Group | Feb. 10 |
| Hunt & Moscrop (Middleton) | Mar. 12 |
| Worthington (A. J.) | Jan. 29 |
| **Finals—** | |
| Baynes (Charles) | Feb. 2 |
| Edinburgh Amer. Assets Tst | Jan. 28 |
| Prestige | Feb. 3 |

## Australia's big commitments

WHILE the new Canadian coal contract excites a great deal of interest it is worth remembering that Australia also has an important role as a supplier of coal to Japan.

The latter country's Electric Power Development Corporation says that the Japanese power generating industry is expected to import 12m to 14m tonnes of Australian coal by 1985 and 30m tonnes by 1990, reports Charles Smith from Tokyo.

Mr. Doug Anthony, the Australian Deputy Prime Minister, described the EPDC estimates as an "enormous challenge" to Australia in view of the investment and planning that will be needed to meet Japanese coal requirements.

He said that Australia hopes for some equity participation by Japan in new coal mines, although his government's guidelines require a minimum of 50 per cent of capital in mining ventures to be held by Australians.

However, Mr. Anthony had previously expressed concern about the possible over-optimism of some estimates of future Japanese coal requirements. He complained that Australia had had "too many experiences of promised or foreshadowed demand (for Australian natural resources) being curtailed at the crucial time."

The coal needs foreshadowed by the EPDC could be worth around A$1.2bn (£588m) to Australia by 1990 at current market prices.

The EPDC figures, however, are for the power industry only. Other energy-intensive industries such as cement and paper and pulp are also regarded as potential major users of Australian coal.

Coal has emerged as a crucial issue in Japan-Australia relations since, with nuclear power, it forms the main focus of current attempts by Japan to diversify away from dependence on imported oil.

In addition to coal Mr. Anthony's talks with Japanese businessmen and officials have covered aluminium, uranium and natural gas. The Deputy Prime Minister said yesterday that Australia's plans for "upgrading" its uranium industry included eventual enrichment of uranium and that Japan would "hopefully" be involved in this.

## Profits rise at Freeport Minerals

THE WIDE spread of interests held by Freeport Minerals of the U.S. has helped the group to withstand the effects of the recession better than many other natural resource companies.

Freeport, which is involved in oil and gas, sulphur, uranium, base and precious metals, yesterday reported a near 50 per cent increase in earnings for the fourth quarter and full year.

Net profits for the December quarter were 48 per cent ahead at $38.58m (£16.5m), while full-year profits rose by 45 per cent to $147.4m. Earnings per share for the 12 months were $4.67 compared with $3.22, with sales advancing to $664m from $488m.

Freeport has shifted the emphasis in its exploration expenditure towards oil and gas and away from general minerals. Charges for hydrocarbons exploration amounted to 18 cents per share in the fourth quarter and 87 cents for the full year, compared with 20 cents and 46 cents for the same periods of 1979.

General mineral exploration charges amounted to 6 cents a share for the quarter and 21 cents for the year, against 10 cents and 27 cents last time.

Late last year Freeport agreed to combine with McMoRan Oil and Gas, a Louisiana exploration company, to form Freeport-McMoRan. The combined company is capitalised at just under $2bn at current market prices.

# OIL AND GAS NEWS

## New Court buys 21 gas wells

THE U.S. subsidiary of New Court Natural Resources has purchased various working interests in 21 gas wells in South and West Texas for U.S.$2.4m cash.

Nineteen of the wells are in production and net proved reserves of the 21 wells are estimated at approximately 1bn cu ft of gas, 13,500 barrels of condensate and 5,800 barrels of natural gas liquids.

Approximately $240,000 is being retained pending satisfactory reports on title in respect of certain of the interests.

Shares of New Court Natural Resources are traded on the Unlisted Securities Market.

Production testing at the Humbly Grove oil discovery well, located five miles from Basingstoke, continues satisfactorily, according to Carless Exploration.

Carless Exploration is operator of the consortium which made the discovery last April.

The consortium comprises: Carless Exploration, a subsidiary of Carless, Capel and Leonard, Cambrian Exploration, a subsidiary of Candecca Resources, Hadson Oil/UK Onshore and Marinex Petroleum.

During 1981 the consortium intends to drill three wells on the Humbly Grove structure and a number of wells in other areas, as well as continuing the seismic programme over the group's licences.

The drilling programme is subject to the usual permissions being granted by landowners, planning authorities and government. The operator will engage in full consultation with all individuals and authorities concerned at all times.

* * *

Eastern and International Trust (CI) has changed its name to Eastern International and Energy Trust and has acquired a 14.6 per cent interest in Rocky Mountains Oil and Gas.

Rocky Mountains Oil and Gas was formed to take up interests in leases of oil and gas exploration acreage in equal participation with Premier Consolidated Oilfields.

The leases comprise a 25 per cent interest in acreage (12½ per cent Rocky Mountains and 12½ per cent Premier) assembled by May Petroleum, of Dallas Texas, of approximately 578,000 gross acres.

The acreage is located mainly in the Rocky Mountains Overthrust Belt and covering some 21 hydrocarbon prospects in Arizona, Oregon, Nevada, New Mexico and Utah.

The directors intend to increase the company's holding should the opportunity arise, so long as such investment does not exceed 40 per cent of the company's net assets.

U.S. RAILROAD COMPANIES

# Coal and grain traffic boosts profits

BY DAVID LASCELLES IN NEW YORK

BIG INCREASES in coal and grain traffic helped the major U.S. freight railroad companies to improve their profits last year.

*Norfolk and Western's* net income in the final quarter was up 43 per cent to $81.4m or $2.55, and up 17 per cent for the whole year to $232.4m or $7.36. Revenue for 1980 was $1.58bn, up from $1.45bn.

The company said strong coal traffic, particularly for export, boosted earnings despite a drop in merchandise traffic.

**Union Pacific**, which also has large oil and gas interests, reported earnings 5 per cent up at $105m or $1.09 in the last three months. For the year as a whole, they were up from $382.5m or $4.01 to $404.5m or $4.22. Revenue increased from $4bn to $4.9bn.

Although these increases were comparatively modest, Mr. *James Evans, the chairman*, said he expected earnings to be very much better this year. Union Pacific's Champlin Oil subsidiary, which has large holdings in the promising Overthrust Belt energy region, will boost oil and gas output this year. Grain and coal freight should also improve, as will merchandise if there is an upturn in the economy.

Union traditionally earns nearly half its profits from oil and gas operations, with a further 39 per cent coming from transportation and the rest from mining and land interests. Its railroad system extends for over 9,500 miles.

**Burlington Northern**, which *operates the second largest railroad* in the U.S., raised earnings by 30 per cent in the final quarter, to $65m or $1.89, with per share figures reflecting a large increase in the outstanding common stock.

This brought profits for the full year to $222.9m or $7.55, up from $175.6m or $6.55. Revenue for the full year was $3.95bn, up from $3.22bn.

In November last year, Burlington merged with the St. Louis-San Francisco Railway which set up the largest rail networ kin the U.S. Transportation interests are likely to have bright in more than half of this year's earnings, with forest products providing more than one fifth, and lesser contribu*tions from oil and gas*, real estate and coal and other minerals.

**Trans Union Corporation**, which leases out 60,000 rail cars, suffered a sharp drop in earnings in the fourth quarter of last year, however. This left the full year's total level pegging at $60.8m or $4.87 a share against $60.7m or $5.01. Revenues increased from $922.6m to $1.07bn.

In the final quarter, earnings slipped from $20m to $14m, or $1.12 a share, on revenues of $279.9m compared with $264.9m.

## Trans World increases net income

By Our New York Correspondent

TRANS WORLD Corporation, parent of Trans World Airlines which has been hit by a financial squeeze, managed to narrow its losses in the final quarter of last year. Its deficit in the quarter was $14.7m compared with $43.8m in the same period of 1979. This left the company with a profit of $20.5m for 1980, up from $8.6m in 1979. Revenue for the full year was $5.02bn, up from $4.33bn.

Trans World managed to keep its head above water thanks to a 23 per cent increase in pre-tax profits from its food, real estate and hotel operations—which include Hilton International. The airline reported a loss of $27m, which was a slight improvement on 1979.

**American Airlines**, the major transcontinental carrier, has turned in a loss of $61.5m for the final quarter of 1980, bringing the expected loss for the full year to $75.8m or $3.06 a share. In 1979, the group made a loss of $3.8m in the final quarter and a profit of $87.4m on the full year.

**Western Airlines** also reported poor figures yesterday, with a loss of $9m or 74 cents a share for 1980 compared with a loss of $8.4m or 47 cents a share the year before. Revenues improved from $229.1m to $252.2m.

## Good fourth quarter for Nabisco

BY OUR FINANCIAL STAFF

NABISCO, THE largest U.S. *biscuit maker, boosted* net profits by 19 per cent from $35.4m to $42.2m in its final quarter. Revenues for the period were ahead by only 11.8 per cent to $719.4m.

The company, which also has cereals, frozen foods and pet foods among its interests, said *that these U.S. food operations* showed improved results in the quarter.

Its international food operations had "major gains" in sales and operating income for the fourth quarter and the year with Canada, Europe, Australia and New Zealand turning in particularly strong performances.

Nabisco's U.S. household accessories activities were down for the year, however, because of the difficult economic conditions.

For the year net earnings *advanced by 28 per cent* from $99.8m to $127.8m, in part reflecting the sharp improvement recorded in the third quarter as a result of the $9m loss in 1979 from the sale of the West German biscuit operations.

Sales for the year were ahead *by only 8.5 per cent to $2.56bn* and earnings per share came to $3.96 against $3.10 after the $1.31, compared with $1.10, contribution from the final quarter.

● **Gerber Products**, the world's largest producer of baby food, has reported a slight dip in operating earnings from $7.42m to $7.21m for its third quarter to December 31. Sales also showed a decline from $155.7m to $152.6m, and per share operating earnings were down from 83 cents to 81 cents.

*After nine months, operating* profits were slightly ahead from $20.48m to $23.55m, or from $2.41 a share to $2.65, on sales ahead up from $429.2m to $458.6m. Results for the third quarter and the nine months exclude a $3.63m charge from the writing off of the operating *rights of its CW Transport* trucking offshoot.

Meanwhile, **Kellogg Company**, the leading breakfast cereal group, said that it expected to report profits about 14 per cent higher at $185m for the year just ended. Sales for the year are expected to rise by 16.5 per *cent to $2.15bn. The company* attributed the improvement in results last year to its international business as well as its domestic cereal and frozen food activities.

## Steady growth at Control Data

BY OUR FINANCIAL STAFF

A SHARP increase in profits from its computer activities left net earnings of Control Data *Corporation ahead by around 50* per cent in the final quarter of 1980.

Net profits for the quarter were $36.2m compared with $23.8m in the corresponding period of 1979, on revenues ahead from $943m to $1.04bn. Earnings per share came out at $1.90 against $1.37.

The company, one of the largest suppliers of computer services, large-scale computer systems and peripherals, said that computer business volumes *improved during the quarter as* did the margins on that business. Computer business earnings rose to $23.6m from $11.2m on revenues up from $679m to $775m.

Commercial Credit, the finance and insurance concern which makes up the remainder of *Control Data's operations*, had unchanged earnings of $12.6m in the quarter. Revenues were little changed at $269m. The overall final quarter profit figures are flattered by the 21 *cents a share charge in 1979* because of an accounting change.

The group achieved a 21 per cent increase in annual earnings from $124.2m to $150.6m on *sales ahead by almost 18 per* cent from $3.24bn to $3.81bn. Earnings per share were $8.45 against $7.20. For the year *there was an extraordinary gain* of 16 cents a share compared with a gain of 34 cents in 1979.

## Union Carbide downturn

By Our Financial Staff

UNION CARBIDE Corporation, the large chemicals, plastics and industrial gases group, has reported a downturn in net profits for the final quarter of 1980.

Net earnings for the three months were $148.9m, or $2.21 a share, against the $160.4m, or $2.43, recorded in 1979. However, the 1980 result includes a $26.6m, or 40 cents a share, accrual against the divestiture of *discontinued operations*. Sales for the quarter were ahead from $2.4bn to $2.67bn.

For the year, net profits came out at $889.8m, or $13.36 a share, a strong advance on the $671.1m, or $10.23 a share, achieved in 1979. Sales for the 12 months improved from *$9.18bn to $9.99bn*.

## Allis-Chalmers setback

BY OUR NEW YORK STAFF

ALLIS-CHALMERS, the large Milwaukee-based manufacturer of agricultural and industrial equipment, reported that its profits fell by a third in the final quarter of last year, and that profits for 1980 as a whole *were down by 40 per cent* because of the weakness of the economy.

Net income in the last three months was $13.8m, down from $21.8m, and for the whole year was $48.2m, compared with $81.4m in 1979. Sales for the year were $2.1bn, up from $1.97bn.

Mr. David Scott, chairman, said business had been flat for the last three-quarters, and that conditions would be difficult in *the first half of this year*. But povided interest rates go down, he foresees an upturn in the second half of this year in the agricultural equipment market, which represents a large portion of Allis- business.

## Black and Decker ahead

BLACK and Decker Manufacturing, the world's largest manufacturer of power tools, lifted first-quarter earnings from $26.3m or 63 cents a share to $34.2m or 81 cents a share, on sales up from $391m to $411m, our Financial Staff writes. But the latest profits included currency translation gains of 22 cents a share and the directors warn that sales and earnings will continue to be weak in the second quarter.

## Sharp gain at Hughes Tool

By Paul Betts in New York

HUGHES TOOL, the leading manufacturer of drill bits for the oil industry, yesterday reported a sharp increase in both fourth quarter and annual income, reflecting the current drilling boom in the U.S. and elsewhere in the world.

The company, once the sheet anchor of the financial empire of the late Mr. Howard Hughes, said fourth quarter income totalled $42.2m on sales of $352.7m with profits of $26.7m on revenues of $245.3m in the same quarter of the previous year.

Profits for the year totalled $132.2m on sales of $1.2bn with 1979 income of $84.6m on revenues of $804.6m.

## SmithKline up to expectations

BY OUR FINANCIAL STAFF

WITH THE final spur of a strong fourth quarter, SmithKline, the ethical and proprietary drug company, has turned in net earnings of $4.65 a share for 1980, right on target for Wall Street forecasts. Total net for the year rose by 25 per cent to $308m, on sales 23 per cent higher at $1.77bn.

For the current year, a further earnings gain to around $5.36 a share has been predicted by Wall Street analysts. SmithKline earns almost all its profits (97 per cent last year) from human and animal health care and from such proprietary drugs as Contac, the cold cure product.

In the final quarter of last year, the group pushed earnings ahead by 26 per cent to $81.9m, or $1.23 a share. At $476.1m, *sales showed a gain of 20 per* cent over the quarter. At the nine-month stage, earnings were 25 per cent and sales 24 per cent higher.

The board commented that the 1979 figures have been restated to reflect the mergers into the group during 1980 of *Humphrey Instruments* and Allergan Pharmaceuticals, accounted for under the pooling of interests method.

Allergan, which SmithKline paid for by 4.6m shares, earned $11.9m in 1979 from its eye care activities.

The group finds nearly one half of its profits from the sale outside the U.S. of its more than 30 vaccines and 100 veterinary products. It also owns a *chain of clinical laboratories* in the U.S. and Canada but sold off its Sea and Ski subsidiary last year.

Profits of the group rocketed during the Seventies, from around $44m in 1970 to $234m by the end of the decade. The heavy overseas earnings content *has caused some doubts regarding* possible effects of currency fluctuations but further expansion into foreign markets remains the corporate plan.

A further gain in sales of at least 15 per cent is expected this year, and the board has pointed out that sales of animal vaccines may be boosted by higher cattle prices.

## FFr 600m Eurobond for Gaz de France

By Francis Ghilès

THE LARGEST French franc-denominated Eurobond, for FFr 600m, will be launched later this week for Gaz de France by Banque de l'Indochine et de Suez. The issue is expected to carry a coupon of 13¾ per cent and mature in five years.

The floatation of this issue within a few days of the FFr 225m 10-year convertible for Lafarge Coppée, which carries a coupon of 11 per cent and was launched last night, underlines the strong foreign interest in such paper.

About FFr 400m worth of the new issue will be sold privately, to French institutional investors *and Middle East buyers, who are* always interested in French franc paper when it is state guaranteed.

The strength of the currency and relatively high interest rates have helped French franc bonds. The fact that short-term rates are lower than coupons on *longer dated issues also attracts* investors. The six-month Eurofranc interest rate stood at 12 per cent last night, well below the yield expected on the forthcoming issue for Gaz de France.

The dollar sector was described by dealers as "quite dead" yesterday with trading *virtually at a standstill*. Prices of seasoned issues moved up ¼ of a point.

The new issue side of the Swiss franc sector remains crowded, partly because a number of borrowers who cannot currently float D-Mark-denominated foreign bonds are trying *to shift their borrowing operations* across the frontier.

Six issues are being arranged in this sector: a SwFr 100m 10-year public issue for the Council of Europe through Banca del Gottardo with a coupon of 6¼ per cent; a SwFr 100m seven-year private placement for the Republic of Austria with a coupon of 6 per cent through UBS; and a SwFr 50m seven-year private placement for Transcanada Pipeline with a coupon of 6 per cent, also through UBS.

The same bank is also arranging a SwFr 50m convertible, which carries a coupon of 4½ per cent for five years, for Tokyo Department Stores. The premium has been set at 3.55 per cent. Escom is privately raising SwFr 100m for four years through SBC. The bonds, priced at 99½, carry a coupon of 6¾ *per cent*. *Meanwhile, Paribas* (Suisse) has arranged a SwFr 10m private placement for Paribas Luxembourg with a coupon of 6¼ per cent for five years.

Both Swiss franc and D-Mark foreign bonds were hit yesterday by the strength of the U.S. dollar against the two European currencies. Swiss franc bonds shed about ¼ of a point on the day while D-Mark bonds slipped ⅛ of a point.

## Marked rise in spreads on Eurocredits

By Peter Montagnon, Euromarkets Correspondent

THE AVERAGE spread on publicised Eurocredits jumped to 0.76 per cent in October and November last year from 0.69 per cent in the third quarter, according to latest figures from the Organisation for Economic Co-operation and Development.

This was the highest average level since the second quarter of 1979. Margins hit a low average of 0.64 per cent in the final quarter of that year.

Although the OECD figures also show some fall in the average length of credits to seven years and seven months in October/November compared with nine years and three months in the fourth quarter of 1979, bankers are still cautious about interpreting the figures as a sign that overall conditions are hardening.

The point out that the jump in average spreads in October/November resulted from a sharp increase in the margins paid by developing countries. These rose on average to 1.04 per cent from 0.82 per cent in the third quarter.

By contrast OECD countries were still paying less for their borrowings, with the average margin declining to 0.51 per cent from 0.54 per cent.

The increase in the overall average spread may simply reflect the fact that the October/November period happened to coincide with a relative concentration of high-speed developing country borrowings.

During the period non-oil developing countries raised $4.3bn in *the Eurocredit* markets while OECD countries raised $5.2bn. In the preceding quarter the developing country share of the market had been much lower, at $6.5bn compared with $10.1bn for OECD countries.

Nonetheless, some bankers suggest that developing countries are likely to step up their borrowings this year as they still have large balance of payments deficits and can no longer easily run down their reserves. Borrowing by industrialised countries is unlikely to run at *quite such high levels* as in 1980.

If this happens, overall average spreads may rise markedly, eve nthough industrialised countries continue to receive very fine conditions on their loans.

VOLKSWAGEN DO BRASIL

## Export hopes the solution to sagging sales

**The car industry in South America is feeling the effects of the world wide recession and Volkswagen do Brazil believes the solution lies in the Government allowing the company to increase its commitment to export under the Befiex scheme. Rik Turner in Sao Paulo reports**

THE TROUBLES at Volkswagen do Brasil first began to make headlines at the end of last year, when Herr Wolfgang Sauer, the president, announced a loss for 1980 of Cr2bn ($30m), the first time the company had ended the year in the red in its 27 years' operating in the country. As sales slumped, the unsold *stocks* rose to total 50,000 vehicles at Christmas, against usual estimated stocks of around 3,000.

Then, on January 5, the company sent 7,000 workers home on "collective holidays" to last 30 days, and at the same time began a programme of dismissals which, *it* announced, would affect 3,000 by the end of January. In accordance with these lay-offs, production is being reduced from a daily 23,000 vehicles to 18,000.

Further dismissals were averted a week ago when the company postponed until next *month a scheduled price rise*. On hearing of VWB's decision, Ford do Brasil, which had a price rise planned for the same day, was obliged to follow suit.

Herr Sauer visited Brasilia last week, where he met Sr. Delfim Netto, the Planning Minister, and Sr. Ernane Galveas, *the Finance Minister*. The solution proposed by Herr Sauer for VWB's troubles was to increase export sales. He wants the Government to allow VWB to increase its commitment to export under the Befiex scheme. This scheme grants generous fiscal incentives in return for a *commitment to export a given* amount over a stipulated period.

VWB's commitment currently stands at $1.5bn of exports by 1983. Under the new proposal, the company would commit itself to export $5bn worth by 1988. This would mean doubling exports this year, from $300m to $600m.

Until now, VWB has been exporting one out of every 12 vehicles produced, or about 1,900 cars per day. If exports are doubled, then there *would* be 14,200 cars left to be sold on the domestic market, considerably fewer than the 21,000 under present export ratios. With this alteration in the domestic export market balance, and the reduced production levels, VWB feels that it will be able to cope with what promises to be a difficult year.

On the domestic front, the company can expect little relief. *Sr. Delfim has made it plain* that there will be no relaxation on repayment periods for car hire purchase, at present rigidly held to 12 months for petrol driven cars. In easier days, this repayment limit stretched to 24 and 36 months. But Sr. Delfim's restraint of credit *this year, part of the* overall attack on inflation, which was running at an annual 110 per cent at the end of 1980, does not permit any relaxation of the current policies.

Of the major companies, VWB is probably the one most affected by the limit on repayment periods because of the nature of its market.

As Herr Sauer explained, "our clientele is in the popular car range. The buyer for a Beetle *hands in his old car* and must finance the rest in 12 months, paying Cr 30,000 ($440) a month, plus road tax, petrol and maintenance. With all these commitments, a big slice of our clientele is no longer in a position to buy a car."

Another problem faced by VWB and the other car companies, is the limit placed by the Government on the number of alcohol-powered vehicles to be produced this year. While at the beginning of 1980 the industry was at pains to include the words "up to" before the 250,000 it agreed to produce during the course of the year, by the end of the year conditions had changed so radically that even at full production the companies could not meet the demand for alcohol-driven cars.

Consequently the industry called for the agreed production total to be increased to 700,000. The Government has eventually allowed the 1981 limit to be increased from 300,000 to 400,000. More than this it says would put a strain on alcohol-fuel supplies, and there would also be the inflationary effect of the additional credit required.

Also clouding the outlook for production of alcohol-driven cars is the question of how many cars each manufacturer will be allowed to produce out of the overall quota.

If the individual company's share is based on current share of the domestic car market, then VWB and General Motors do Brasil (GMB) will benefit.

If market share of alcohol-driven cars on the domestic market last year is chosen as the criterion then Ford and Fiat are better placed—although their rivals could claim with some justice that last year was not typical.

## AMERICAN QUARTERLIES

**ALEXANDER AND ALEXANDER**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 99.4m | 91.8m |
| Net profits | 11.51m | 11.28m |
| Net per share | 0.62 | 0.61 |
| Year | | |
| Revenue | 412.1m | 374.2m |
| Net profits | 56.4m | 52.5m |
| Net per share | 3.06 | 2.86 |

**AVNET**

| Second quarter | 1980-81 $ | 1979-80 $ |
|---|---|---|
| Revenue | 319.7m | 307.2m |
| Net profits | 17.43m | 16.86m |
| Net per share | 1.10 | 1.08 |
| Six months | | |
| Revenue | 641.5m | 595.3m |
| Net profits | 35.77m | 32.94m |
| Net per share | 2.26 | 2.11 |

**BAUSCH AND LUMB**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 150.9m | 132.2m |
| Net profits | 12.0m | 11.7m |
| Net per share | 0.99 | 0.98 |
| Year | | |
| Revenue | 582.7m | 503.0m |
| Net profits | 52.2m | 41.2m |
| Net per share | 4.35 | 3.49 |

**BUCYRUS-ERIE**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 124.7m | 140.7m |
| Net profits | 8.8m | 10.7m |
| Net per share | 0.43 | 0.52 |
| Year | | |
| Revenue | 511.3m | 552.4m |
| Net profits | 48.25m | 56.15m |
| Net per share | 2.36 | 2.75 |

**CARPENTER TECHNOLOGY**

| Second quarter | 1980-81 $ | 1979-80 $ |
|---|---|---|
| Revenue | 136.6m | 131.5m |
| Net profits | 10.2m | 9.43m |
| Net per share | 1.18 | 1.10 |
| Six months | | |
| Revenue | 255.9m | 252.8m |
| Net profits | 15.0m | 16.3m |
| Net per share | 1.72 | 1.91 |

**CLOROX**

| Second quarter | 1980-81 $ | 1979-80 $ |
|---|---|---|
| Revenue | 150.1m | 142.5m |
| Net profits | 7.19m | 6.34m |
| Net per share | 0.31 | 0.29 |
| Six months | | |
| Revenue | 322.5m | 303.0m |
| Net profits | 18.21m | 16.35m |
| Net per share | 0.79 | 0.71 |

**CONSOLIDATED FREIGHTWAYS**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 439.7m | 447.3m |
| Net profits | 14.58m | 18.22m |
| Net per share | 1.11 | 1.40 |
| Year | | |
| Revenue | 1.65bn | 1.72bn |
| Net profits | 41.89m | 65.89m |
| Net per share | 3.20 | 5.06 |

**EMHART**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 486.0m | 444.0m |
| Net profits | 15.0m | 6.0m |
| Net per share | 1.26 | 0.46 |
| Year | | |
| Revenue | 1.8bn | 1.57bn |
| Net profits | 67.0m | 54.0m |
| Net per share | 5.47 | 4.38 |

**KOPPERS**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 508.6m | 579.9m |
| Net profits | 11.6m | 22.0m |
| Net per share | 0.42 | 0.82 |
| Year | | |
| Revenue | 1.93bn | 1.83bn |
| Net profits | 55.0m | 86.5m |
| Net per share | 2.02 | 3.27 |

**LIBBY-OWENS-FORD**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 303.8m | 295.1m |
| Net profits | 10.6m | 9.03m |
| Net per share | 0.85 | 0.79 |
| Year | | |
| Revenue | 1.15bn | 1.2bn |
| Net profits | 28.8m | 58.1m |
| Net per share | 2.17 | 4.80 |

**LOUISIANA-PACIFIC**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 303.4m | 320.7m |
| Net profits | 11.39m | 21.83m |
| Net per share | 0.39 | 0.73 |
| Year | | |
| Revenue | 1.2bn | 1.3bn |
| Net profits | 60.01m | 106.4m |
| Net per share | 2.02 | 3.57 |

**MEAD**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 685.6m | 625.4m |
| Net profits | 28.92m | 35.15m |
| Net per share | 1.08 | 1.34 |
| Year | | |
| Revenue | 2.71bn | 2.57bn |
| Net profits | 128.58m | 140.98m |
| Net per share | 4.84 | 5.42 |

**MEDIA GENERAL**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 86.96m | 77.81m |
| Net profits | 7.51m | 7.47m |
| Net per share | 1.03 | 1.01 |
| Year | | |
| Revenue | 332.5m | 280.6m |
| Net profits | 28.29m | 25.44m |
| Net per share | 3.91 | 3.42 |

**NEWMONT MINING**

| Fourth quarter | 1980 $ | 1979 $ |
|---|---|---|
| Net profits | 36.34m | 63.91m |
| Net per share | 1.41 | 2.51 |
| Year | | |
| Net profits | 139.5m | 179.0m |
| Net per share | 7.71 | 7.05 |

**PARKER HANNIFIN**

| Second quarter | 1980-81 $ | 1979-80 $ |
|---|---|---|
| Revenue | 260.0m | 252.0m |
| Net profits | 13.1m | 13.8m |
| Net per share | 0.87 | 0.94 |
| Six months | | |
| Revenue | 501.0m | 487.0m |
| Net profits | 25.3m | 24.2m |
| Net per share | 1.55 | 1.60 |

**TEXACO CANADA**

| Fourth quarter | 1980 C$ | 1979 C$ |
|---|---|---|
| Revenue | 1.0bn | 801.6m |
| Net profits | 95.6m | 95.1m |
| Net per share | 0.75 | 0.74 |
| Year | | |
| Revenue | 3.6bn | 2.7bn |
| Net profits | 373.4m | 263.9m |
| Net per share | 2.92 | 2.01 |

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12. Closing prices on January 26

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amoco 13¾ 88 | 75 | 97⅜ | 97⅞ | — | — | 13.80 |
| CECA 11½ 88 | 100 | 91½ | 91⅞ | +0⅛ | +0⅛ | 13.39 |
| CFE 13 87 | 75 | †90½ | 91⅛ | +0⅛ | +0⅛ | 15.21 |
| Citicorp O/S Fin. 10 86 | 300 | 87⅛ | 87⅝ | +0⅛ | +0⅛ | 13.34 |
| Citicorp O/S Fin. 12 87 | 200 | 93⅛ | 93⅝ | -0⅛ | +0⅛ | 13.50 |
| Con. Illinois O/S 9¾ 86 | 150 | 85⅛ | 85⅝ | +0⅛ | -0⅛ | 13.66 |
| Denmark 11¾ 90 | 100 | 88⅞ | 89⅜ | +0⅛ | 0 | 13.91 |
| Dome Petroleum 13½ 92 | 50 | 96⅝ | 97⅛ | -0⅛ | +0⅛ | 14.04 |
| Dupont Canada 13½ 91 | 65 | 97⅜ | 97⅞ | — | — | 13.94 |
| EEC 11 85 (May) | 75 | 84⅛ | 84⅝ | 0 | 0 | 13.47 |
| FFC 11 85 (August) | 70 | 82⅞ | 83⅜ | +0⅛ | -0⅛ | 13.69 |
| EIB 13¾ 90 | 100 | 99 | 99½ | +0⅛ | +0⅛ | 13.86 |
| Eksportfinans 9½ 87 | 75 | 84 | 84½ | +0⅛ | 0 | 13.24 |
| Elec. de France 10 88 | 125 | 84½ | 85 | +0⅛ | +0⅛ | 13.32 |
| Elec. de France 13 88 | 125 | 97⅛ | 98⅛ | — | — | 13.45 |
| Export Dv. Cpn. 12¾ 87 | 100 | 96½ | 97 | +0⅛ | +0⅛ | 13.51 |
| Export Dv. Cpn. 9¾ 86 | 150 | 85⅝ | 86⅛ | +0⅛ | +0⅛ | 13.59 |
| Fin. Exp. Credit 10½ 85 | 50 | 88⅜ | 88⅞ | -0⅛ | +0⅛ | 14.07 |
| Finland, Rep. of 9½ 86 | 100 | 83⅛ | 83⅝ | -0⅛ | -0⅛ | 14.22 |
| Ford Credit O/S 14⅝ 83 | 150 | 98⅞ | 99⅜ | +0⅛ | 0 | 14.97 |
| Ford O/S Fin. 12⅝ 85 | 250 | 90⅝ | 91⅛ | +0⅛ | +0⅛ | 15.63 |
| Gaz de France 13½ 86 | 80 | 99⅞ | 100⅜ | — | — | 13.46 |
| GMAC O/S Fin. 12 87 | 100 | 91½ | 92 | -0⅛ | -0⅛ | 13.94 |
| GMAC O/S Fin. 12⅞ 88 | 100 | 94⅛ | 94⅝ | — | — | 14.16 |
| Gen. Mtrs. O/S 11¾ 87 | 100 | 90⅝ | 91⅛ | -0⅛ | -0⅛ | 13.86 |
| GTE Fin. 13¾ 86 (WW) | 50 | 98⅛ | 98⅝ | — | — | 14.22 |
| Hudson's Bay 11½ 90 | 75 | 86⅝ | 87⅛ | -0⅛ | -1⅛ | 14.07 |
| IBM Canada 10½ 85 | 50 | 95⅝ | 96⅛ | +0½ | +1⅛ | 11.70 |
| IBM Wld. Trade 12½ 88 | 200 | 97 | 97½ | — | — | 13.12 |
| J. C. Penney Int. 12⅞ 86 | 100 | 95⅞ | 96⅜ | +0⅛ | +0⅛ | 13.48 |
| Nova Scotia 10⅛ 90 | 50 | 86⅛ | 86⅝ | -0⅛ | +0⅛ | 13.31 |
| OKB 10 85 | 50 | 89 | 89½ | +0⅛ | +0⅛ | 13.29 |
| Pemex 11½ 88 | 100 | 85⅝ | 86⅛ | -0⅛ | +0⅛ | 14.70 |
| Quebec Hydro 11½ 92 | 100 | 85⅝ | 86⅛ | +0⅛ | -0⅛ | 14.10 |
| Roylease 11⅛ 85 | 50 | 92 | 92½ | -0⅛ | +0⅛ | 13.66 |
| SNCF 12⅝ 85 | 60 | 96⅝ | 97⅛ | +0⅛ | +0⅛ | 13.28 |
| Sweden 12⅝ 85 | 150 | 95⅛ | 95⅝ | +0⅛ | -0⅛ | 13.73 |
| Swed. Ex. Credit 12 83 | 50 | 94⅝ | 95⅛ | +0⅛ | 0 | 14.35 |
| Swed. Ex. Credit 13 86 | 75 | 95⅛ | 95⅝ | — | — | 14.35 |
| Transamerica 12⅝ 83 | 50 | 95⅛ | 95⅝ | +0⅛ | +0⅛ | 14.17 |
| Unilever NV 9¾ 90 | 100 | 81⅞ | 82⅜ | -0⅛ | -0⅛ | 13.15 |
| World Bank 9⅞ 85 | 200 | 88⅛ | 88⅝ | +0⅛ | +0⅛ | 13.36 |
| World Bank 10⅛ 87 | 300 | 86⅞ | 87⅜ | +0⅛ | +0⅛ | 13.33 |

Average price changes .. On day +0⅛ on week +0⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 8¾ 90 | 100 | 93 | 93½ | 0 | -0⅛ | 9.43 |
| Australia 8¼ 90 | 250 | 96½ | 97⅛ | -0⅛ | -0⅛ | 8.63 |
| Austria, Rep. of 8¼ 92 | 150 | 93 | 93½ | 0 | -0⅛ | 9.21 |
| BFCE 8½ 95 | 100 | 92⅜ | 92⅞ | 0 | -0⅛ | 9.08 |
| CECA 7⅞ 92 | 150 | 91⅞ | 92⅜ | -0⅛ | -0⅛ | 9.00 |
| CII-Honeywell 8¾ 90 | 125 | 96⅛ | 96⅝ | -0⅛ | +0½ | 9.09 |
| Denmark 8¾ 92 | 100 | 95½ | 96⅛ | -0⅛ | +0½ | 8.85 |
| EIB 8½ 90 | 200 | 96 | 96½ | -0⅛ | +0⅛ | 9.06 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes ... On day -0⅛ on week -0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day -0⅛ on week -0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day -0⅛ on week +0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SOFTE 8¾ 89 EUA | 40 | 87⅛ | 88⅛ | 0 | 0 | 10.51 |
| U. Bk. Nrwy. 9½ 90 EUA | 18 | 98½ | 99⅛ | 0 | -0½ | 9.64 |
| Bk. Mees & H. 10 85 Fl | 75 | 101 | 101½ | 0 | 0 | 9.61 |
| F. G. Hypo 9¾ 87 Fl | 60 | 93⅛ | 94½ | 0 | +0⅛ | 11.02 |
| Heineken NV 10 87 Fl | 100 | 97⅛ | 97⅝ | +0⅛ | -0⅛ | 10.55 |
| Nat. Inv. Bk. 10 87 Fl | 75 | 97⅛ | 97⅝ | -0⅛ | 0 | 10.52 |
| Nat. Neder. 9½ 87 Fl | 60 | 94⅞ | 95⅜ | -0⅛ | +0⅛ | 10.57 |
| Ned. Midd. Bk. 10 86 Fl | 75 | 100½ | 101 | -0⅛ | -0⅛ | 9.76 |
| Aero Paris 13⅛ 87 FFr | 150 | 96⅝ | 97½ | -0⅛ | -0⅛ | 13.80 |
| Charb'nages 13⅞ 85 FFr | 400 | 99⅝ | 100⅛ | +0⅛ | -0⅛ | 13.83 |
| CECA 14⅛ 85 FFr | 150 | 99⅞ | 100⅞ | -0⅛ | -0⅞ | 14.10 |
| EIB 14⅛ 88 FFr | 300 | 99½ | 100½ | +0⅛ | +0½ | 14.11 |
| Finland 11 84 FFr | 80 | 90⅞ | 91⅜ | -0⅛ | -0½ | 14.73 |
| Gaz de France 11 84 FFr | 150 | 91⅞ | 92⅜ | -0⅛ | 0 | 13.58 |
| La Redoute 14⅛ 85 FFr | 125 | 96⅞ | 97⅞ | 0 | -0⅛ | 15.15 |
| Renault 9⅞ 85 FFr | 100 | 84½ | 85½ | -0⅛ | -0⅛ | 14.51 |
| Utd. Mex. Sts. 14 85 FFr | 150 | 98⅛ | 99⅛ | +0⅛ | -0⅛ | 14.30 |
| Acona 14 85 £ | 20 | 94½ | 95⅛ | +0⅛ | -0⅛ | 15.54 |
| Beneficial 14⅛ 90 £ | 20 | 94⅛ | 95 | -0⅛ | +0⅛ | 15.33 |
| Beneficial 14⅛ 90 £ | 20 | 94⅛ | 95 | -0⅛ | +0⅛ | 15.32 |
| BNP 13½ 91 £ | 15 | 95⅞ | 96½ | -0⅛ | +0⅛ | 14.25 |
| CECA 13½ 88 £ | 20 | 95⅛ | 96½ | -0⅛ | +0⅛ | 14.32 |
| Citicorp O/S 13½ 90 £ | 50 | 95⅞ | 96⅜ | -0⅛ | +0⅛ | 14.31 |
| Fin. for Ind. 14½ 88 £ | 20 | 100⅛ | 100⅞ | -0⅛ | +0⅛ | 14.36 |
| Fin. for Ind. 13¾ 87 £ | 20 | 97⅛ | 98⅛ | 0 | +0⅛ | 14.25 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 93⅞ | 94⅝ | 0 | +0⅛ | 13.69 |
| Peugeot SA 14 90 £ | 23 | 94⅞ | 95⅝ | 0 | +1⅛ | 14.92 |
| Rothschild 14⅛ 90 £ | 12 | 97⅛ | 98⅛ | 0 | +1 | 14.65 |
| Swed. Ex. Cr. 15¾ 85 £ | 20 | 102½ | 103⅛ | 0 | +0½ | 14.24 |
| Banobras 8¾ 90 KD | 7 | †87½ | 87⅝ | 0 | 0 | 10.44 |
| CCCE 8⅞ 91 KD | 10 | †81½ | 82 | 0 | 0 | 11.22 |
| Sonatrach 8½ 90 KD | 12 | †88⅛ | 88⅝ | 0 | 0 | 10.52 |
| Akzo 9¾ 87 LuxFr | 500 | 91 | 92 | 0 | +0⅛ | 11.07 |
| Euratom 9¾ 88 LuxFr | 500 | 95 | 96 | 0 | +0⅛ | 10.70 |
| Eurofima 10½ 87 LuxFr | 500 | 98⅛ | 99⅛ | 0 | -0⅛ | 10.77 |
| EIB 9¾ 88 LuxFr | 600 | 96⅞ | 97⅞ | 0 | +0⅛ | 10.40 |
| Volvo 9¾ 87 LuxFr | 500 | 90⅝ | 91⅝ | 0 | +0⅛ | 11.69 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bank 5¾ 87 | 0¼ | †98⅛ | 98⅝ | 2/7 | 16⅝ | 16.90 |
| Bank of Montreal 5¼ 90 | 0¼ | 99⅝ | 100⅛ | 18/6 | 19½ | 19.52 |
| Bank of Tokyo 5¼ 89 | †0⅛ | 98⅛ | 98⅝ | 25/4 | 19.31 | 19.61 |
| BBL Int. 5 86 | 0¼ | 97⅞ | 98⅜ | 20/5 | 16½ | 16.84 |
| Bergen Bk. A/S 6 89 | †0¼ | †97⅞ | 98⅜ | 29/2 | 18.19 | 18.54 |
| BNP 5½ 88 | 0¼ | 98⅞ | 99⅜ | 29/1 | 14.44 | 14.57 |
| CNT 5¾ 86 | †0¼ | 97⅞ | 98⅜ | 16/4 | 13⅛ | 13.50 |
| Citicorp O/S F. 84 | †0 | 99⅞ | 99⅞ | 31/1 | 18⅛ | 18.44 |
| C. Itoh 5¼ 87 | 0¼ | 97⅞ | 98⅜ | 18/3 | 12⅞ | 13.15 |
| Co-operative Bk. 6 86 | 0¼ | 97⅛ | 97⅞ | 15/5 | 15¼ | 15.62 |
| Den Norske Credit 6 90 | 0¼ | †97⅛ | 97⅞ | 5/2 | 15¾ | 16.13 |
| Genfinance 5¾ 87 | 0¼ | 97⅛ | 98⅛ | 30/4 | 15⅛ | 15.43 |
| Giro und Bank 5¼ 91 | 0¼ | 98⅛ | 98⅝ | 23/3 | 20½ | 20.81 |
| GZB 5½ 89 | †0¼ | 98⅛ | 98⅝ | 1/2 | 15.06 | 15.29 |
| Jugobanka 8 89 | 0⅞ | †91 | 93 | 23/5 | 16¾ | 18.21 |
| Ind. Bank Japan 5¾ 87 | 0¼ | 97⅛ | 98⅛ | 15/4 | 13.31 | 13.80 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day 0 on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Montedison presses on with major dismissals

By James Buxton in Rome

MONTEDISON, which has said it intends to sack 8,000 of its 45,000 chemical workers this year, yesterday pressed ahead with dismissal proceedings against 1,100 employees, bringing the number of those now dismissed to more than 6,000.

At the same time, in Milan, executives of the company, which is Italy's major chemicals producer, were meeting the Ministers of Industry, Labour and State Shareholdings to discuss the redundancies. The Government is expected to ask Montedison to drop the dismissal proceedings.

The sackings, which are spread over plants across Italy, are aimed at raising Montedison's productivity, which the company claims is the lowest in value of the major world chemical groups. It reckons each surplus worker costs it more than L20m a year, so that the dismissals could yield an annual saving of L160bn ($166m).

Montedison, which is the second largest private company in Italy, is restructuring its operations in order to emerge from a period of heavy losses. The first stage of the recovery plan beginning in 1977 involved the sale of some of its more peripheral non-chemical activities, and the company is now finalising a detailed scheme for its chemical producing operations. This involves a switch away from some of the more basic products towards higher value items.

The union's initial reaction to Montedison's dismissal scheme has been fairly cautious, with eight hours of strikes being declared. Further action, including a possible national strike of chemical workers, depends on the outcome of talks the unions are expected to have with Montedison today.

The union claims that Montedison has no long-term recovery plan. It wants the Government to decide on an overall plan for the whole Italian chemical industry, two of whose four major components, SIR and Liquichimica, have collapsed and have had to be temporarily taken over by ANIC, the chemical subsidiary of Ente Nazionale Idrocarburi, the State oil company. Montedison accepts that its longer-term strategy depends to a large extent on the co-operation of the Government.

The Government is torn between a desire to minimise unemployment and an acceptance in principle of the futility of preserving unproductive jobs in a loss-making company. Montedison aims to steer the Government towards putting the surplus workers on State-subsidised lay-off until they find new jobs, thus enabling it to withdraw the sacking notices.

## FRENCH CAPITAL MARKET

# Radical shift in government policy

BY TERRY DODSWORTH IN PARIS

DESPITE THE economic crisis and the present squeeze on salaries, France remains a nation of savers. In 1980, according to government figures, Frenchmen put aside 15.6 per cent of their disposable earnings. Among leading industrial nations, the Japanese ran up a higher score (19.5 per cent), while the West Germans were clearly beaten into third place, with 13.5 per cent.

In one respect, however, 1980 marked a radical change in the savings tradition. With the active encouragement of the Government, the French began to move increasingly towards investment on the bond market at the expense of the savings banks. Bond issues soared, virtually doubling from FFr 65bn ($14bn) in 1979 to FFr 112bn last year, while savings bank receipts went into decline.

Behind this shift in savings habits lies the deeply cherished ambition of M. Rene Monory, the Economics Minister, to build up the long-term savings market in France. Over the past four years, he has consistently argued that France needs more flexible financial institutions.

The steady reform of the banks, along with the proposed revolution in the operation of the bourse, are parallel moves in the same direction — towards structures which will help to increase the importance of Paris in the world capital markets, while opening up wider financing opportunities to French industry and commerce.

At the same time, the expansion of the bond market has helped the Government with its own budgetary problems. Increasingly during the past four years, M. Raymond Barre, the Prime Minister, has steered towards financing the budget deficit through long-term borrowings.

One of the central aims of his policies has been to keep a tight grip on the growth of money supply by soaking up available savings to service the deficit. This has helped control liquidity in the economy.

The policy change has led in turn to a sharp rise in government bond issues. Totalling FFr 13.5bn in 1978, they rose to FFr 15bn in 1979 and doubled last year to FFr 31bn. M. Monory, announcing a further FFr 10bn issue at the turn of the year, made it clear that a similar approach to government funding will prevail in 1981—at least until the presidential elections in the spring.

M. Monory: deeply cherished ambition

Last year, according to the preliminary figures, monetary growth in France was limited to about 11 per cent on the M2 basis, while a very large proportion of the government's FFr 35.8bn deficit was financed via the bond market. Had it not been for a last-minute FFr 4bn aid award to the French farmers, long-term government borrowing would have come within a whisker of covering the whole of the Treasury's needs.

One victim of this policy has been the savings banks, the traditional collecting agencies for small savers, whose receipts totalled FFr 21.9bn last year, against FFr 28.3bn two years ago. After months of heavy pressure, the Government allowed interest rates at the savings banks to be raised from 6.5 per cent to 7.5 per cent. But this rate was still a long way adrift from the yields of 12 per cent and more available on the capital market.

A more weighty criticism of the Treasury's policy is that it is simply piling up government debt at the expense of both the private sector and the country's long-term interests. The authorities argue that, on both counts, they are still managing more prudently than most of their Western counterparts.

They say industry was not starved of funds last year, despite high interest rates and that more than 50 per cent of the bonds issued came from the state or state-related bodies (35 per cent from the Government and local authorities and 20 per cent from nationalised industries). The other 45 per cent answered sufficiently to the needs of private industry and commerce, says the Treasury.

The Treasury also argues that the weight of public debt is low compared with other countries. Criticism about the rate of debt servicing—due to go up by about 40 per cent in the current year to FFr 38bn—may hurt M. Barre, who has built his reputation on the solidity of his financial management. But it is not likely to deflect him from his policies.

The new FFr 10bn loan, floated at the maximum 13.8 per cent rate achieved last year, is a sign of his determination to continue on the present lines during the limited life left to his Government.

# Long-term investor sought by German textiles group

BY JONATHAN CARR IN BONN

VAN DELDEN, the troubled West German textiles group, is looking for a new investor to help it stay in business.

Last month settlement proceedings were opened after creditors failed to underwrite a new plan to support the group, which has suffered increased losses and falling sales.

However, the official in charge of the proceedings has made clear that enough funds are available to allow Van Delden to continue in operation while a longer-term solution is found to its problems.

Among those highly interested in seeing the family-owned group survive is the Government of North Rhine-Westphalia. Van Delden factories are in a part of the state where the unemployment rate is already unusually high, and the group's collapse could mean the loss of 2,000 more jobs.

At the high point of its expansion in the mid-1970s Van Delden had annual sales of more than DM 750m ($375m) and 6,000 employees. A liquidity crisis in 1978 was overcome with help from leading banks and the state Government, but the subsequent improvement in business proved only temporary.

# Swissair hit by reduced demand

BY JOHN WICKS IN ZURICH

SWISSAIR last year carried slightly fewer passengers than in 1979. The annual total fell by some 24,000 to 6.95m. In other air operations, freight handled rose by 1.1 per cent to 177,610 tonnes and post by 14,729 tonnes.

Capacity use of Swissair's 50 aircraft dropped from 59 to 56.9 per cent and seat occupancy from 63.5 to 62.1 per cent. On European routes, seat occupancy was down to only 57.7 per cent.

Swissair has already announced that it expects a deficit in operating profits. Net profits, however, will be close to previous levels as a result of aircraft sales and income from ancillary business.

Mr. Armin Baltensweiler, the president, has indicated that Swissair aims for maintenance of net profits in 1981.

# KNSM losses larger than expected

By Charles Batchelor in Amsterdam

KNSM, the Dutch shipping line, which is subject to a bid from the larger Nedlloyd group, made a considerably larger loss last year than at first expected, the offer document revealed.

KNSM had a loss of around Fl 20m ($9m) in 1980, spread equally over the two halves of the year, compared with a profit of Fl 3.3m the year before. An expected improvement in the final six months did not occur and the transatlantic shipping line and the sea-going side of its heavy transport division suffered losses.

Despite the problems of KNSM, Mr. Bernard Ruys, Nedlloyd's chairman, said the situation was "not so dramatic" KNSM would face a gradual retrenchment if it remained an independent company but its difficulties were not insurmountable.

Nedlloyd confirmed its earlier forecast that net profit last year is expected to be nearly double the Fl 64.1m result of 1979. It revealed, however, that there will be a further delay in the use of Gastor, a tanker delivered in 1977 to carry liquefied natural gas from Indonesia to California. It is now not expected to go into service before 1985.

KNSM shareholders have until February 17 to accept Nedlloyd's offer of one Fl 50 nominal share and Fl 110 cash for every two KNSM Fl 100 shares. This values the bid at Fl 40m ($18m) while Nedlloyd puts the merger costs at a further Fl 40m.

# Profits growth at Zurich bank

By Our Zurich Correspondent

HANDELSBANK NW, the Zurich-based bank controlled by the National Westminster group, reports net profits of SwFr 11.6m ($6.3m) for 1980 —up from SwFr 10.8m—and is maintaining its dividend at 12 per cent.

A transfer of SwFr 3.5m to reserves will increase the bank's capital resources to SwFr 176m or to SwFr 197m on a consolidated basis. Interest earnings increased by 16 per cent to SwFr 27.7m and commissions by 19 per cent to SwFr 18.6m. Profits from foreign exchange and precious metal trading were up 12 per cent to SwFr 8.2m.

The balance-sheet total improved by 20 per cent to SwFr 1.84bn, or in consolidated terms by 31 per cent to SwFr 2.44bn. Both deposits and loans showed 20 per cent growth.

# Swedish drugs company lifts earnings and sales

BY WESTERLEY CHRISTENER IN STOCKHOLM

ASTRA, the Swedish drugs company, reports profits before tax of SKr 172m ($39m) for 1980, an increase of 13 per cent in line with last year's forecast. Sales rose 16 per cent to SKr 1.98bn.

For this year, management expects sales to grow by between 12 and 14 per cent while pre-tax earnings are forecast to climb to between SKr 200m and SKr 210m.

Sales outside Sweden rose by 18 per cent in 1980, to SKr 1.4bn. These accounted for 72 per cent of total turnover, basically unchanged from the previous year. The largest single gain, a 46 per cent jump, was made in Latin America, totalling SKr 120m. Sales to North America climbed by 17 per cent to SKr 252m. European sales increased by 16 per cent to SKr 598m.

An "especially good sales increase" was recorded for Astra Pharmaceuticals International, the subsidiary with operations abroad including South-east Asia and units in Australia, Britain, Canada, West Germany and Mexico.

The company has signed a 10-year distribution contract with Lepetit, a wholly-owned subsidiary of Dow Chemical for Astra products in Brazil. Lepetit will take over the marketing of Astra's products and production, eventually acquiring the Swedish company's subsidiary, Astra Quimica do Brazil, which has a yearly turnover of about SKr 40m.

Group investments during 1980 amounted to SKr 250m against SKr 134m, of which SKr 121m was accounted for by plant construction in the U.S.

● Good returns from the 371,000 tonnes of sugar produced from the second half beet campaign should secure a good 1980 result for the Danish sugar producer, De Danske Sukkerfabrikker.

Most of the group's other interests, including dairy equipment supply and especially the industrial dryer company of Niro Atomisers, have also made good showings. But paper-making fared badly and the farm machinery company, Pasilac, has stayed in the red.

# Greatermans Stores lifts first-half sales and profit

BY JIM JONES IN JOHANNESBURG

GREATERMANS STORES, the South African retail chain, increased its first half pre-tax profit by 51.2 per cent to R9.32m ($12.4m) in the 26 weeks to December 27 from R6.16m in the corresponding period of 1979. This compares with R10.03m in the 52 weeks to June 28, last year. First-half turnover was R494.6m ($659m) against R377.8m in the same period of 1979 and R792.2m in the 52 weeks ended June 28 last.

The group does not disclose the contributions of its three operating arms, the Checkers supermarket chain, the up-market Greatermans Department Stores, and Ackermans, which retails clothing and soft goods to the lower income groups. However, there has been a considerable improvement in sales by the previously loss-making Department Stores, while Ackermans' turnover and profit has gained from the higher disposable incomes of non-white consumers.

Mr. Isaac Kaye, the Greaterman's chairman, declines to say whether the department stores have been returned to profitability, despite there being currently a consumer spending boom and South Africa having seen the highest Christmas spending figures on record.

In the first half, Checkers opened six supermarkets and converted one into a hypermarket. A further three store openings are planned for the current financial year, to increase the number of outlets to 169 supermarkets and hypermarkets. The current R100m expansion programme will be finaced outside the group, from leasebacks.

An interim dividend of 35 cents has been declared from first-half earnings per share of 104 cents. Last year the interim payment was 25 per cent, from first-half earnings of 6.8 cents a share. The total 1979-80 dividend was 60 cents, and earnings per share were 153 cents.

## Tfachot keeps up with inflation

By Our Tel Aviv Correspondent

TFACHOT, Israel's largest mortgage bank, has reported results for the first half of 1980-1981 only slightly below the rate of inflation. Total assets increased by 48 per cent between March 31, 1980, and September 30, 1980, to Sh 4.33bn ($540m), loans by 49 per cent to Sh 2.822bn, deposits with the treasury and banks by 47 per cent to Sh 11.80bn, and total equity by a similar rate to Sh 214m.

Pre-tax operating profit reached Sh 161m ($20m), as compared with Sh 205m in the preceding 12 months, indicating a 57 per cent growth on an annual basis. The consumer price index rose by 50 per cent in the April-September period. After-tax profits totalled Sh 59m, against Sh 81m in the previous 12 months.

## Building industry boom helps Malayan Cement

BY WONG SULONG IN KUALA LUMPUR

MALAYAN CEMENT Berhad, Malaysia's largest cement manufacturer has reported a 29 per cent rise in pre-tax profits to 17.1m ringgit (U.S.$7.7m) for the year ended November 1980, reflecting the strong performance of the building industry in Malaysia and Singapore. Net profit was 20 per cent higher at 9.6m ringgit.

The group is paying a final dividend of 14 per cent, bringing the total to 25 per cent, compared with 22.5 per cent.

Earnings of the parent company in Malaysia rose by 57 per cent, to 9.8m ringgit, on the strength of higher cement prices. Its contributions to group's earnings increased from 47 per cent to 57 per cent.

In its last annual report, Malayan Cement said it expected the 100m ringgit expansion at its Rawang factory to be commissioned by late 1980 or early 1981. The new kiln, which will double the plant's production capacity, is expected to contribute significantly to profits, as it uses the "dry" process, which uses less fuel oil, the largest single component of production costs.

* * *

DIAMONDS and Gems Malaysia and P. N. Ferstenberg, the Belgian diamond manufacturer and cutter, have set up a joint diamond and polishing factory in Malaysia, AP-DJ reports from Kuala Lumpur.

The venture, to be called Ferstenberg Diamond Malaysia, has been licensed by the government to sell diamonds for the local market and for export.

Diamond and Gems would hold 60 per cent of the company and P. N. Ferstenberg 40 per cent.

# Tollgate to distribute R48m cash surplus

By Our Johannesburg Correspondent

TOLLGATE HOLDINGS, the Cape Town based transport group, is to distribute R48m ($64m) of surplus funds to shareholders. The surplus has come from the sale of various non-transport subsidiaries and is equivalent to 270 cents a share.

In December 1980, it sold Shield Insurance, the short-term insurance company, to Allianz Versicherungs of West Germany for R11m cash. Tollgate's entire investment credit division was sold in October to Finansbank, the South African investment banking company, for R9.8m, a sale which also resulted in a return to Tollgate of R27.2m previously advanced to the finance subsidiaries. The group is currently selling various properties and, to date, has realised R9.1m.

The distribution will be by means of a special dividend and a capital redemption. Tollgate at present has 24.5m ordinary shares in issue of which 6.7m are held by a wholly-owned subsidiary. The latter are to be converted into an equal number of "B" preference shares.

Each of the remaining 17.8m ordinary shares is to be subdivided into one ordinary share of no par value and one A ordinary share of no par value. A special dividend of 220 cents is to be declared on each of the A ordinaries which will then be converted into A preference shares and immediately redeemed at 50 cents a share.

The reason for adopting this method of repayment is to take into account the tax requirements of major shareholders resident in Switzerland and the UK.

In future, Tollgate proposes to concentrate its activities exclusively on mass passenger transport centred on Cape Town.

# Record rights by Bank Leumi

BY L. DANIEL IN TEL AVIV

BANK LEUMI, Israel's largest banking concern, is to make the largest ever issue on the Tel Aviv Stock Exchange. It is to raise Sh 360m ($45m) by way of rights, in order to finance "further expansion and development."

The issue will consist of 482.8m ordinary registered shares of Sh 0.1 nominal value, priced at Sh 0.5, and of 320.93m registered options (Series 10), convertible into Sh 0.1 shares between May 1, 1981 and February 28, 1982. The options are priced at Sh 0.38, with a further Sh 0.37 payable at the time of conversion, to bring in a further Sh 120m. The rights are exercisable over the period from yesterday to February 20.

The shares and options are being offered in units of 30 shares and 10 options at a price of Sh 18.80. The remaining 160m options are to be offered to the bank's employees and pensioners at Sh 0.38.

Shareholders will receive on the shares they now hold a distribution of bonus shares at the rate of 100 per cent. The bonus distribution for 1979 was at the rate of 40 per cent.

The bank is, in view of the current bonus distribution, to limit the cash dividend for 1981 to 12.5 per cent.

Bank Leumi has raised over Sh 1bn in the past eight months, a figure to be increased to Sh 1.4bn with the new issue.

Two banks in the group, Union Bank, and General Mortgage Bank, floated issues of ordinary shares locally which mobilised Sh 90m.

# Yamaichi group earnings fall

By Our Financial Staff

YAMAICHI SECURITIES, one of the leading Japanese securities houses, has announced a fall in consolidated net income from Y15.04bn to Y11.89bn ($58.7m) for the year to last September. Earnings per share were down from Y22.80 to Y17.16.

In November parent company net profits were reported to have declined by 11.4 per cent to Y11.59bn on revenue up by 4.8 per cent to Y110bn.



# APPOINTMENTS

## Sir Patrick Meaney joins ICI Board

Sir Patrick Meaney, managing director of Thomas Tilling, has been appointed a non-executive director of IMPERIAL CHEMICAL INDUSTRIES from March 1.

*

As part of the changes in the organisation of the BP GROUP designed to recognise the increased diversity of its operations, eight distinct international businesses, and a New Ventures Group, are being established.

From March 1, the following appointments will take effect: Mr. C. C. F. Laidlaw, chairman, BP Oil International; Mr. R. Bexon, chairman, BP Exploration and BP Gas; Mr. P. I. Walters, chairman, BP Chemicals International; Dr. J. Birks, chairman, BP Minerals International and BP Coal; Mr. P. G. Cazalet, chairman, BP Nutrition and BP Detergents International; and Mr. R. W. Adam, chairman, BP Ventures.

*

Mr. Gordon Reece, formerly public relations adviser to Mrs. Margaret Thatcher, has been elected vice president of public relations for OCCIDENTAL PETROLEUM CORPORATION.

*

Lord Wigoder, QC, has been elected to the Board of Governors of BUPA (British United Provident Association).

*

Mr. Harry Shepherd has been appointed the first director of the OXFORD STREET ASSOCIATION. For seven years Mr. Shepherd was the association's president, a post he relinquished at the end of last year on retiring from Marks and Spencer, where he was controller of publicity.

*

Lord Shackleton has been appointed chairman of ANGLESEY ALUMINIUM in succession to the late Sir Mark Turner.

*

Mr. John Patterson has been appointed sales director and Mr. Trevor Lafferty field service director, on the Board of NEXOS (UNITED KINGDOM).

*

Mr. Maurice Steinhart, company secretary of the SENTINEL INSURANCE COMPANY, has joined the Board. Mr. Paul Engers has been made deputy actuary.

*

Mr. David Potter has been appointed sales director of CLIPPER INTERNATIONAL, the import subsidiary of Berwick Timpo.

*

Mr. W. Bostock, of Mineralite, has been elected president of the NATIONAL FEDERATION OF PLASTERING CONTRACTORS for 1981-82. Mr. C. P. Nichols is the new senior vice president and Mr. K. G. Simon is junior vice-president.

*

Mr. Richard Englert has retired as managing director of THYSSEN (GREAT BRITAIN). The new managing director of the company and chairman of its subsidiaries is Mr. Eberhard Bornemann.

*

Mr. Alan W. Wagstaff has been appointed chairman and chief executive of the TOOTAL group following the death of Mr. R. F. Audsley. Mr. Wagstaff joined Tootal in 1973 as group financial director and he was appointed deputy chairman in 1979.

*

Mr. Barney Hayhoe, Minister of State, Civil Service Department, has appointed Mr. Tristan Garel-Jones, MP for Watford, to be his Parliamentary Private Secretary.

*

Mr. Robin MacKichan has been appointed director and chief executive of AQUASCUTUM INTERNATIONAL. He was previously chairman and managing director of Lintas Overseas and prior to that executive chairman of the knitwear, clothing and overseas marketing companies of Dawson International.

*

Mr. W. T. Meredith Browne has retired as chairman of BISICHI TIN COMPANY but continues as a director. Mr. M. A. Heller succeeds him as chairman.

*

Mr. John G. A. Irish will become managing director of Spar (UK) the operating subsidiary of SPAR FOOD HOLDINGS on May 1. He succeeds Mr. Arthur Jones who will continue as managing director of Spar Food Holdings and will become chairman of Spar (UK) on May 1. Mr. Irish is deputy managing director of Spar (UK) and Spar Food (Holdings) and will continue in the latter appointment. The training department of the Spar organisation will be restructured as a separate company, also a subsidiary of Spar Food Holdings, at the beginning of May with Mr. Brian Hunt, head of training services, as managing director and Mr. A. R. Jones as chairman.

*

Mr. C. R. Harrington has retired from the Boards of ELLIS AND GOLDSTEIN (HOLDINGS) and its subsidiaries Elangol Distributors, Jon Chepstow and Elrita (Textiles). Mr. M. T. Reeves has become managing director of Elangol Distributors and Mr. R. E. Pull director, stores trading.

*

Mr. Keith S. Bales has been appointed vice-president, character merchandise licensing, publications, music publishing and records of WALT DISNEY PRODUCTIONS (UK). Mr. Bales is already a director of the British company, Walt Disney Productions Limited.

*

Mr. John Hajdu, international sales manager of Thistle Hotels, is the new vice chairman of the LONDON TOURIST BOARD in place of Mr. David Levin.

## OVERSEAS

Mr. Lawrence J. Blum has been elected chairman of the executive committee of the CHICAGO BOARD OPTIONS EXCHANGE. Mr. Blum has been a member of the CBOE Board and of the executive committee for six years, most recently, as chairman of the facilities committee. He is president of Securities Options Corporation and chairman of Eisen and Blum, a Chicago-based commodities firm.

*

BARCLAYS BANK INTERNATIONAL has made the following appointments at its group office, New York. Mr. Richard Carden, regional general manager, at present chief executive vice-president, to be chief executive officer North America; Mr. Bob Lambert, executive vice-president, to become senior executive vice-president; Mr. Ken Atkinson, a local director of the Lombard Street District of Barclays Bank, London, is seconded as an executive vice-president; and Mr. John Champion, at present chief manager, international finance division, head office, London, will be senior vice-president.

*

Mr. Milton D. Baughman has taken over responsibility for MANUFACTURERS HANOVER ASIA, in Hong Kong from Mr. Frank W. Bradbury, who has returned to London where he is a director of Manufacturers Hanover.

*

Mr. Henk Th. Hoksbergen has become president of PHONOGRAM INTERNATIONAL succeeding Mr. Pieter R. Schellevis, who has been named PolyGram delegate to Australia and New Zealand. Mr. Hoksbergen has also been appointed executive vice-president of PolyGram Record Operations International and to the newly-created position of president, PolyGram Nederland B.V. Dr. Wolfgang Hix has assumed the office of president of PolyGram B.V./GmbH succeeding Mr. Coen Solleveld, who has been made a member of the PolyGram shareholders' delegation and also joins the supervisory Boards for PolyGram GmbH, Germany and PolyGram B.V., the Netherlands.

*

Management appointments have been made by Racal Electronics to RACAL-MILCOM PTY, formed recently to manage Project Raven, the Australian Army's programme to replace its combat net radio system.

Mr. Brian Briggs is managing director and chief executive of Racal-Milcom and Mr. Eric Ribchester, Mr. Brian Harris and Mr. Roger Winn, technical directors. Marketing and general requirements for Project Raven are being handled by Mr. Duncan Spencer from Australia and Mr. Alan Whittington from the UK. Mr. Spencer becomes general manager and Mr. Whittington senior manager UK liaison, based in New South Wales. Mr. Roger Gregory is now company secretary of Racal-Milcom.

*

Mr. Allan Kane takes up his HOLIDAY INN INTERNATIONAL appointment this month as director of international marketing, based in Memphis, U.S. He is at present marketing and sales director for the hotel group's Europe and Middle East region based in London.

*

Mr. George A. Thatcher has been elected president of BELLOFRAM CORPORATION, a Rexnord company headquartered in Burlington, Mass. He was previously vice president-finance for the company.

*

Mr. A. J. Joustra is to be appointed to the Board of ROYAL BOSKALIS WESTMINSTER NV of Papendrecht, Holland, from July 1 and he will control the dredging division. On that date, Mr. J. Th. Meijers, a member of the Board, will become responsible for personnel and organisation on the retirement of Mr. A. N. Neumann.

# CURRENCIES, MONEY and GOLD

## £ & $ firm

Dollar continued to improve in currency markets yesterday, helped by high U.S. interest rates. A sharp fall in U.S. money supply announced on Friday did not appear to affect trading, since recent figures have included a number of exceptional items and have failed to point towards any particular trend.

Sterling was also firm, especially against European currencies, reaching its highest level against the French franc since July 1974, and March 1976 in terms of the D-mark. It touched a record level against the Italian lira, and a best level since April 1976 against the Swiss franc.

European currencies were mostly weaker against the dollar and sterling. The D-mark suffered within the European Monetary System, slipped below the Belgian franc to become the second weakest currency, ahead of only the Italian lira. The French franc remained the strongest currency.

**DOLLAR**—trade weighted index (Bank of England calculation) rose from 87.3 to 87.8. The dollar was firmer all round, helped by a continuation of the U.S. Fed's tight monetary policy. The U.S. unit was in good demand for most of the day, and closed at DM 2.0520 against the D-mark, its best level since July, 1978, and well up from Friday's close of DM 2.0345. It finished at SwFr 1.8525 against the Swiss franc against SwFr 1.8380 and against Y202.60 in terms of the Japanese yen.

**STERLING**—trade weighted index (Bank of England) rose to 81.0 its highest level since December, 1973, and compared with 80.4 on Friday. At noon yesterday it stood at 80.7, and 80.8 in the morning. Sterling was very firm, finishing at FFr 11.44 against the French franc, against FFr 11.3075 previously, and DM 4.96 compared with DM 4.90 against the D-mark. In dollar terms sterling finished at $2.4160-2.4170, rise of 95 points, having touched a high of $2.4185.

**D-MARK**—Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower than expected economic growth rate. The steadier trend in U.S. interest rates has also depressed the D-mark, with tension over Poland still a market factor—The Bundesbank sold a nominal $10m at yesterday's fixing in Frankfurt as the dollar rose to its highest fixing level since July, 1978, at DM 2.0486, compared with DM 2.0295 on Friday. Demand for the U.S. unit remained strong, and although Euro-dollar rates showed little overall change, sentiment in the dollar was bullish. Elsewhere sterling rose to DM 4.9290 from DM 4.8770, and the Swiss franc was higher at DM 1.1070 compared with DM 1.1040. Within the EMS the French franc rose to DM 43.32 per FFr 100 from DM 43.25, and the Belgian franc was higher at DM 6.23 per BFr 100 against DM 6.216 previously. Yesterday's weaker trend saw the D-mark fall below the Belgian franc to become the second weakest currency within the system.

**ITALIAN LIRA**—Weakest member of the EMS and at record lows against the dollar and sterling. Recent dollar strength has also increased concern over a deterioration in Italy's trade balance, with many imports, including oil, paid for in dollars—The Italian lira fell to its lowest level ever against sterling and the U.S. dollar at yesterday's fixing in Milan. The pound rose to L2,341 from L2,317.2 on Friday, and the dollar touched an all-time peak of L972.3 compared with R963.55. The lira was also weaker in terms of its EMS partners, with the D-mark fixed higher at L475.15 from L474.95, and the French franc at L205.62 against L205.45.

## THE POUND SPOT AND FORWARD

| Jan. 26 | Day's Spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.4040-2.4185 | 2.4160-2.4170 | 1.03-1.13c dis | −5.36 | 2.65-2.75dis | −4.47 |
| Canada | 2.8800-2.8770 | 2.8740-2.8750 | 0.88-0.99c dis | −3.88 | 2.30-2.55dis | −3.37 |
| Nethlnd. | 5.32-5.40 | 5.38½-5.39½ | 2⅝-1⅝c pm | 5.29 | 6½-5½ pm | 4.45 |
| Belgium | 78.80-79.65 | 79.50-79.60 | 23-13c pm | 2.72 | 48-38 pm | 2.16 |
| Denmark | 15.08-15.29 | 15.27½-15.28½ | 3-1ore pm | 1.22 | 2¼-¼ pm | 0.33 |
| Ireland | 1.3155-1.3300 | 1.3285-1.3295 | 0.19-0.07p pm | 1.17 | 0.44-0.27 pm | 1.07 |
| W. Ger. | 4.90-4.97 | 4.96½-4.96½ | 2¾-1¾pf pm | 5.44 | 6¾-5¾ pm | 4.74 |
| Portugal | 130.20-132.00 | 131.80-132.00 | 30c pm-60 dis | −1.36 | 10-115 dis | −1.90 |
| Spain | 194.80-196.70 | 196.55-196.65 | 25c pm-40 dis | −0.46 | 145-220 dis | −3.71 |
| Italy | 2,329-2,355 | 2,354-2,355 | 1¼-3¼ lire dis | −1.40 | 17¾-20¾dis | −3.19 |
| Norway | 12.78-12.87 | 12.86-12.87 | 3⅝-2ore pm | 2.74 | 7¾-5¾ pm | 1.65 |
| France | 11.32½-11.45½ | 11.43½-11.44½ | 4½-3½c pm | 4.20 | 9-8 pm | 2.97 |
| Sweden | 10.80-10.91 | 10.89½-10.90½ | 8¼-9¼ore dis | −9.63 | 24½-25¼ dis | −9.02 |
| Japan | 485-495 | 491½-492½ | 2.60-2.35y pm | 6.04 | 6.80-6.45 pm | 5.39 |
| Austria | 34.70-35.25 | 35.15-35.20 | 14-10gro pm | 4.09 | 37-31 pm | 3.87 |
| Switz. | 4.42½-4.48½ | 4.47-4.48 | 3¼-2¼c pm | 7.71 | 9-8 pm | 7.60 |

Belgian rate is for convertible francs. Financial franc 79.65-79.75. Six-month forward dollar 4.45-4.55c dis. 12-month 6.15-6.35c dis.

## THE DOLLAR SPOT AND FORWARD

| Jan. 26 | Day's Spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.4040-2.4185 | 2.4160-2.4170 | 1.03-1.13c dis | −5.36 | 2.65-2.75dis | −4.47 |
| Ireland† | 1.8185-1.8325 | 1.8190-1.8210 | 0.95-1.05c dis | −6.59 | 2.35-2.50dis | −5.33 |
| Canada | 1.1882-1.1901 | 1.1895-1.1899 | 0.14-0.09c pm | 1.16 | 0.37-0.32 pm | 1.16 |
| Nethlnd. | 2.2115-2.2305 | 2.2295-2.2305 | 2.07-1.97c pm | 10.87 | 5.04-4.94 pm | 8.95 |
| Belgium | 32.70-32.96 | 32.92-32.94 | 24½-23c pm | 8.65 | 56-53 pm | 6.62 |
| Denmark | 6.2705-6.3295 | 6.3125-6.3140 | 4.10-3.60ore pm | 7.32 | 7.75-7.25 pm | 4.76 |
| W. Ger. | 2.0280-2.0585 | 2.0515-2.0525 | 1.82-1.77pf pm | 10.50 | 4.70-4.65 pm | 9.11 |
| Portugal | 54.20-54.55 | 54.35-54.45 | 50-15c pm | 7.17 | 85-15 pm | 3.68 |
| Spain | 80.90-81.33 | 81.20-81.30 | 40-15c pm | 4.06 | 20 pm-10 dis | 0.25 |
| Italy | 968.25-975.25 | 974.50-975.25 | 4-3 lire pm | 4.31 | 4-2½ pm | 1.33 |
| Norway | 5.3025-5.3300 | 5.3220-5.3230 | 3.85-3.35ore pm | 8.12 | 8.20-7.70 pm | 5.97 |
| France | 4.7100-4.7400 | 4.7330-4.7360 | 3.78-3.68c pm | 9.45 | 8.73-8.53 pm | 7.28 |
| Sweden | 4.4970-4.5180 | 4.5090-4.5100 | 1.80-1.95ore dis | −4.99 | 5.95-6.10dis | −5.34 |
| Japan | 202.20-203.80 | 203.45-203.55 | 2.05-1.90y pm | 11.65 | 5.00-4.85 pm | 9.68 |
| Austria | 14.40-14.56 | 14.55-14.56 | 12.20-11.60gro pm | 9.81 | 31.75-30.25pm | 8.52 |
| Switz. | 1.8330-1.8560 | 1.8520-1.8530 | 2.25-2.17c pm | 14.31 | 5.73-5.65 pm | 12.29 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## OTHER CURRENCIES

| Jan. 26 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 4841-4861 | 2004-2026 | Austria | 34.70-35.10 |
| Australia Dollar | 2.0450-2.0490 | 0.8485-0.8490 | Belgium | 78.90-79.70 |
| Brazil Cruzeiro | 163.86-164.86 | 68.10-68.44 | Denmark | 15.10-15.25 |
| Finland Markka | 9.463-9.473 | 3.9210-3.9220 | France | 11.32-11.44 |
| Greek Drachma | 112.797-116.065 | 48.00-48.10 | Germany | 4.92-4.97 |
| Hong Kong Dollar | 12.58-12.60 | 5.2160-5.2210 | Italy | 2315-2410 |
| Iran Rial | 174.75* | 72.90* | Japan | 485-492 |
| Kuwait Dinar(KD) | 0.652-0.658 | 0.2718-0.2720 | Netherlands | 5.34-5.39 |
| Luxembourg Frc. | 79.50-79.60 | 32.92-32.94 | Norway | 12.71-12.85 |
| Malaysia Dollar | 5.3675-5.377 | 2.2255-2.2275 | Portugal | 127½-143 |
| New Zealand Dlr | 2.5135-2.5185 | 1.0420-1.0430 | Spain | 189¼-200 |
| Saudi Arab. Riyal | 7.99-8.05 | 3.3310-3.3330 | Sweden | 10.81-10.91 |
| Singapore Dollar | 5.0200-5.0305 | 2.0815-2.0835 | Switzerland | 4.43-4.47½ |
| Sth African Rand | 1.8135-1.81450 | 0.7505-0.7510 | United States | 2.39½-2.41½ |
| U.A.E. Dirham | 8.82-8.88 | 3.6710-3.6730 | Yugoslavia | 81-86 |

Rate given for Argentina is free rate. * Selling rate.

## CURRENCY MOVEMENTS

| Jan. 26 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 81.0 | −23.0 |
| U.S. dollar | 87.8 | −6.5 |
| Canadian dollar | 80.0 | −18.4 |
| Austrian schilling | 144.1 | +21.4 |
| Belgian franc | 110.5 | +10.3 |
| Danish kroner | 99.7 | −8.8 |
| Deutsche mark | 143.5 | +38.1 |
| Swiss franc | 184.3 | +75.2 |
| Guilder | 121.7 | +16.6 |
| French franc | 95.2 | −8.6 |
| Lira | 49.3 | −53.1 |
| Yen | 146.1 | +42.9 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

## CURRENCY RATES

| Jan. 23 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 14 | 0.525555 | 0.52971 |
| U.S. $ | 13 | 1.26396 | 1.27581 |
| Canadian $ | 16.97 | 1.50462 | 1.51987 |
| Austria Sch. | 6¾ | 18.1656 | 18.3079 |
| Belgium F. | 12 | 41.2304 | 41.5499 |
| Danish K. | 11 | 7.87321 | 7.950851 |
| D'mark | 7½ | 2.56521 | 2.58543 |
| Guilder | 8 | 2.78703 | 2.80953 |
| French Fr. | 9½ | 5.92924 | 5.97653 |
| Lira | 16½ | 1217.83 | 1228.29 |
| Yen | 7¼ | 254.688 | 257.076 |
| Norwgn. Kr. | 9 | 6.65665 | 6.72033 |
| Spanish Pts. | 8 | 102.254 | 103.404 |
| Swedish Kr. | 12 | Unavail | 5.71053 |
| Swiss Fr. | 3 | 2.32215 | 2.33984 |
| Greek Dr'ch. | — | Unavail | 60.8115 |

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU January 26 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 41.5660 | +4.46 | +0.92 | ±1.53 |
| Danish Krone | 7.72336 | 7.96939 | +3.19 | −0.35 | ±1.64 |
| German D-Mark | 2.48208 | 2.59426 | +4.52 | +0.98 | ±1.125 |
| French Franc | 5.84700 | 5.98161 | +2.30 | −1.24 | ±1.3557 |
| Dutch Guilder | 2.74362 | 2.81354 | +2.55 | −0.99 | ±1.512 |
| Irish Punt | 0.628201 | 0.692659 | +3.66 | +0.12 | ±1.668 |
| Italian Lira | 1157.79 | 1231.71 | +6.38 | +2.89 | ±4.08 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## EXCHANGE CROSS RATES

| Jan. 26 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.417 | 4.960 | 492.0 | 11.44 | 4.475 | 5.390 | 2365. | 2.875 | 79.55 |
| U.S. Dollar | 0.414 | 1. | 2.053 | 203.6 | 4.734 | 1.852 | 2.230 | 974.3 | 1.190 | 32.92 |
| Deutschemark | 0.202 | 0.487 | 1. | 99.19 | 2.306 | 0.902 | 1.087 | 474.7 | 0.580 | 16.04 |
| Japanese Yen 1,000 | 2.033 | 4.912 | 10.08 | 1000. | 23.25 | 9.096 | 10.96 | 4786. | 5.842 | 161.7 |
| French Franc 10 | 0.874 | 2.112 | 4.336 | 430.1 | 10. | 3.912 | 4.712 | 2058. | 2.515 | 69.54 |
| Swiss Franc | 0.223 | 0.540 | 1.108 | 109.9 | 2.556 | 1. | 1.204 | 526.1 | 0.642 | 17.78 |
| Dutch Guilder | 0.186 | 0.448 | 0.920 | 91.28 | 2.122 | 0.830 | 1. | 436.8 | 0.533 | 14.76 |
| Italian Lira 1,000 | 0.425 | 1.026 | 2.107 | 209.0 | 4.859 | 1.901 | 2.289 | 1000. | 1.221 | 33.79 |
| Canadian Dollar | 0.348 | 0.841 | 1.726 | 171.2 | 3.980 | 1.557 | 1.875 | 819.1 | 1. | 27.67 |
| Belgian Franc 100 | 1.257 | 3.038 | 6.235 | 618.5 | 14.38 | 5.625 | 6.776 | 2960. | 3.613 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 26)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 18 15/16 | offer 18 15/16 | bid 17 3/8 | offer 17 1/2 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market closing Rates)

| Jan. 26 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertable | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 14⅜-14⅝ | 18¾-19 | 18½-19½ | 8⅝-9⅛ | 2½-3 | 8¾-8⅞ | 10½-10¾ | 13-15 | 10-10¼ | 7-7½ |
| 7 days' notice | 14½-14¾ | 19-19¼ | 18½-19½ | 8 11/16-9⅛ | 11¼-11¾ | 8⅞-9 | 9-9½ | 14¾-16¾ | 10¾-11 | 8⅛-8⅜ |
| Month | 14⅜-14½ | 19⅞-20⅛ | 18¼-18⅝ | 9 1/16-9 3/16 | 5⅞-6 | 9 1/16-9 3/16 | 10⅝-10⅞ | 15½-16½ | 11¾-11⅞ | 8-8⅛ |
| Three months | 14⅛-14¼ | 18½-18¾ | 17⅛-17⅜ | 9⅜-9½ | 6 1/16-6 3/16 | 9⅛-9¼ | 10⅞-11⅛ | 17-18 | 12⅛-12¼ | 8-8⅛ |
| Six months | 13 15/16-14 1/16 | 17¼-17½ | 15⅝-16 | 9 1/16-9 3/16 | 6 1/16-6 3/16 | 9⅛-9¼ | 11⅞-12⅛ | 17-18 | 12⅜-12½ | 8⅜-8½ |
| One Year | 13⅜-13½ | 15⅞-16⅛ | 14¾-15⅛ | 9 1/16-9 3/16 | 6 1/16-6 3/16 | 9 1/16-9 3/16 | 12¾-13 | 17⅝-18⅝ | 12½-12⅝ | 8½-8¾ |

SDR linked deposits: one-month 14 3/16-14 11/16 per cent; three-months 13 13/16-14 3/16 per cent; six-months 13¼-13⅝ per cent; one year 12 13/16-13 3/16 per cent.

Asian $ (closing rates in Singapore) one-month 20⅛-20¼ per cent; three-months 18⅜-18⅝ per cent; six-months 17⅜-17½ per cent; one year 16⅛-16¼ per cent. Long-term European two years 15-15¼ per cent; three years 14¾-15 per cent; four years 14⅝-14⅞ per cent; five years 14½-14¾ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.65-18.75 per cent; three-months 18.00-18.10 per cent; six-months 16.65-16.75 per cent; one year 15.60-15.70 per cent.

## INTERNATIONAL MONEY MARKET

# German rates ease

Interest rates showed a slightly easier tone in Frankfurt yesterday, although call money rose to 9.10-9.20 per cent from 9.00-9.10 per cent. Liquidity within the banking system is likely to be sufficient to meet market requirements this week, since January is not a month of major quarterly tax payments. On the other hand, the moves announced by the Bundesbank last week to assist the market by adding funds from February 1 are unlikely to lead to a pronounced downward trend in German interest rates, despite the initial fears of the foreign exchanges, where the D-mark was pushed down on the news. The central bank is not expected to allow interest rates to fall very far because of Germany's large payments deficit and the need to prevent an outflow of capital.

In Paris call money was unchanged at 10¾ per cent, and fixed-term rates were also steady, with the market well supplied with funds following the purchase of FFr 7.5bn of first-category paper by the Bank of France last week at an intervention rate of 10¾ per cent. The central bank intervention rate has been unchanged for over three months, reflecting the strength of the French franc in the European Monetary System.

## UK MONEY MARKET

# Unexpected shortage

**Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)**

Funds were in short supply in the London money market yesterday despite expectations of a fairly comfortable day. There was a large excess of Government disbursements over revenue payments to the Exchequer, but some of the money from gilt dividends, which coupled with the local authority housing subsidy totalled around £400m, may have been slow to appear in the market. This was the major factor influencing trading.

The authorities gave small assistance by buying a small amount of Treasury bills and a small number of local authority bills from the discount houses.

The houses paid up to 14 per cent for secured call loans, with closing balances taken at 13-13½ per cent. In the interbank market overnight loans remained firm throughout, finishing at 14¼-14½ per cent.

Market sources suggested that banks were reluctant to lend in yesterday's uncertain conditions, as funds failed to materialise.

Discount houses buying rates for three-month eligible bank bills fell to 13¼ per cent from 13 5/16-13 3/16 per cent.

## GOLD

# Sharp fall

Gold fell to its lowest level since May last year in the London bullion market yesterday to close at $528-531, a loss of $23 an ounce from Friday. Selling developed earlier in Hong Kong and was carried over into the London market, although there seemed to be no obvious reason behind the selling. The metal opened at $540-543 in London, its high for the day, and fell to a morning fixing of $530.25. Soon after the afternoon fix of $528.50, gold touched a low of $526-529 before recovering slightly towards the close.

| | Jan. 26 | | Jan. 21 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $528-531 | (£218¾-220) | $551-554 | (£228¾-230) |
| Opening | $540-543 | (£225⅛-224¾) | $555-558 | (£230½-232) |
| Morning fixing | $530.25 | (£220.066) | $552 | (£229.283) |
| Afternoon fixing | $528.50 | (£219.386) | $553 | (£229.365) |
| **Gold Coins** | | | | |
| Krugerrand | $543-545 | (£225-225¾) | $570-572 | (£236½-237½) |
| 1/2 Krugerrand | $280-284 | (£116-117¾) | $293-297 | (£121½-123½) |
| 1/4 Krugerrand | $142-146 | (£58¾-60½) | $149-153 | (£61½-63½) |
| 1/10 Krugerrand | $57½-61½ | (£23¾-25½) | $60-64 | (£25-26½) |
| Mapleleaf | $538-541 | (£222¾-224) | $566-569 | (£235-236¼) |
| New Sovereigns | $133-134 | (£55-55½) | $139½-140½ | (£58-58½) |
| King Sovereigns | $160-163 | (£66¼-67½) | $167-169 | (£69½-70½) |
| Victoria Sovs. | $160-163 | (£66¼-67½) | $167-169 | (£69½-70½) |
| French 20s | $161-163 | (£66¾-67½) | $157-159 | (£65½-66) |
| 50 pesos Mexico | $660-664 | (£273½-275) | $687-690 | (£285½-286½) |
| 100 Cor. Austria | $515-518 | (£213¼-214½) | $542-545 | (£225-226¼) |
| $20 Eagles | $655-665 | (£271¼-275½) | $679-682 | (£282-283¼) |

## MONEY RATES

### NEW YORK

| | |
|---|---|
| Prime Rate | 20 |
| Fed. Fund | 18⅝-18⅞ |
| Treasury Bills (13-week) | 15.42 |
| Treasury Bills (26-week) | 14.42 |

### GERMANY

| | |
|---|---|
| Discount Rate | 7.5 |
| Overnight Rate | 9.15 |
| One month | 9.35 |
| Three months | 9.45 |
| Six months | 9.30 |

### FRANCE

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight Rate | 10.75 |
| One month | 10.875 |
| Three months | 11.375 |
| Six months | 12.1875 |

### JAPAN

| | |
|---|---|
| Discount Rate | 7.25 |
| Call (Unconditional) | 9.125 |
| Bill Discount (three-month) | 8.80625 |

## LONDON MONEY RATES

| Jan. 26 1981 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 14-14¾ | 14-14⅛ | — | — | 14¾-14⅞ | 13-14 | — | — | — |
| 2 days notice | — | — | 14⅜-14⅛ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 14⅝-14¾ | 14½-14⅝ | — | 14¾ | — | 13⅝-14 | — | — | — |
| One month | 14⅛-14⅜ | 14 7/16-14 9/16 | 14½ | 15½-15⅛ | 14¾ | 14⅞-15 | 13⅝-13⅞ | 12 13/16 | 13⅝ | 14½ |
| Two months | 14 7/16-14 5/16 | 14⅜-14½ | — | 15¼-14⅞ | 14⅝ | 14¾-14⅞ | 13½-13⅝ | 12⅞-12 13/16 | 13½ | 14½ |
| Three months | 14 1/16-13 15/16 | 14 5/16-14 3/16 | 14 5/16-14⅛ | 14½-14⅛ | 14½ | 14½-14⅝ | 13¼ | 12 11/16-12⅝ | 13⅛ | 14 |
| Six months | 13⅝-13½ | 13 9/16-13 7/16 | 13 9/16-13⅜ | 13⅝-13¼ | 13¾ | 14 | — | — | 12⅝ | 13½ |
| Nine months | 13 5/16-13 3/16 | 13⅜-13¼ | — | 13⅞-13½ | 13½ | 14 | — | — | — | — |
| One year | 13 1/16-12 15/16 | 13⅛-13 1/16 | 13½-13⅝ | 13½-13⅛ | 13⅝ | 14 | — | — | — | — |
| Two years | — | — | 13⅝ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾ per cent; four years 13¾ per cent; five years 13⅞ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 5/16 per cent; four-month trade bills 13¾ per cent.

Approximate selling rate for one-month Treasury bills 12 11/16 per cent; two-months 12¾-12 11/16 per cent; three-months 12 11/16-12¾ per cent. Approximate selling rate for one-month bank bills 13 11/16-13¾ per cent; two-months 13 11/16-13 7/16 per cent; three-months 13 3/16 per cent; one-month trade bills 14⅞ per cent; two-months 14¾ per cent and three-months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¾-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.7541 per cent.

## WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 26 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available. (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Afghanistan | Afghani | 110.00 |
| Albania | Lek | 10.03 |
| Algeria | Dinar | 9.2285 |
| Andorra | French Franc | 11.44 |
| | Spanish Peseta | 196.60 |
| Angola | Kwanza | (CM) 69.794 |
| | | (T) 72.237 |
| Antigua (S) | E. Caribbean $ | 6.50 |
| Argentina | Ar. Peso Free Rate | 4,851.0 |
| Australia (S) | Australian $ | 2.0470 |
| Austria | Schilling | 35.175 |
| Azores | Portuguese Escudo | 131.90 |
| Bahamas (S) | Ba. Dollar | 2.4165 |
| Bahrain (S) | Dinar | 0.908 |
| Balearic Isles | Spa. Peseta | 196.60 |
| Bangladesh (S) | Taka | 32.70 |
| Barbados (S) | Babados $** | 4.8330 |
| Belgium | B. Franc | (cm) 79.55 |
| | | (fn) 79.70 |
| Belize | B $ | 4.8330 |
| Benin | C.F.A. Franc | 572.00 |
| Bermuda (S) | Bda $ | 2.4165 |
| Bhutan | Indian Rupee | 19.13 |
| Bolivia | Bolivian Peso | 60.20 |
| Botswana (S) | Pula | 1.7785 |
| Brazil | Cruzeiro †† | 164.36 |
| Brit. Virgin Isles (S) | U.S. $ | 2.4165 |
| Brunei (S) | Brunei $ | 5.0250 |
| Bulgaria | Lev | 2.0826 |
| Burma | Kyat | 16.20 |
| Burundi | Burundi Franc | 214.90 |
| Cameroon Republic | C.F.A. Franc | 572.00 |
| Canada | Canadian $ | 2.8745 |
| Canary Islands | Spanish Peseta | 196.60 |
| Cape Verde Isle | Cape V. Escudo | 87.90 |
| Cayman Islands (S) | Cay. Is. $ | 2.01375 |
| Cent. Af. Repub. | C.F.A. Franc | 572.00 |
| Chad | C.F.A. Franc | 572.00 |
| Chile | C. Peso | (Bk) 93.89 |
| China | Renminbi Yuan | 3.7393 |
| Colombia | C. Peso | (F) 122.71 |
| Comoro Islands | C.F.A. Franc | 572.00 |
| Congo (Brazaville) | C.F.A. Franc | 572.00 |
| Costa Rica | Colon | 20.78 |
| Cuba | Cuban Peso | 1.6850 |
| Cyprus (S) | Cyprus £ | 0.892 |
| Czechoslovakia | Koruna | (com) 13.30 |
| | | (n c) 25.15 |
| | | (T) 22.58 |
| Denmark | Danish Krone | 15.28 |
| Djibouti | Fr. | 400 (sg) |
| Dominica (S) | E. Caribbean $ | 6.50 |
| Dominican Repub. | Dominican Peso | 2.4165 |
| Ecuador | Sucre | (O) 60.38 |
| | | (F) 68.97 |
| Egypt | Egyptian £ | (U) 1.69 |
| Equatorial Guinea | Ekuele | 393.2 |
| Ethiopia | Ethiopian Birr | (P) 4.9250 |
| Falkland Islands (S) | Falkland Is. £ | 1.0 |
| Faroe Islands | Danish Krone | 15.28 |
| Fiji Islands | Fiji $ | 1.9050 |
| Finland | Markka | 9.4680 |
| France | French Franc | 11.44 |
| French C'tyin Af* | C.F.A. Franc | 572.0 |
| French Guiana | Local Franc | 11.44 |
| French Pacific Is | C.F.P. Franc | 195 (sg) |
| Gabon | C.F.A. Franc | 572.0 |
| Gambia (S) | Dalasi | 4.0 |
| Germany (East) | Ostmark | 4.96 |
| Germany (West) | Deutsche Mark | 4.96 |
| Ghana (S) | Cedi | 6.62 |
| Gibraltar (K) | Gibraltar £ | 1.0 |
| Greece | Drachma | 114.43 |
| Greenland | Danish Kroner | 15.28 |
| Grenada (S) | E. Caribbean $ | 6.50 |
| Guadaloupe | Local Franc | 11.44 |
| Guam | U.S. $ | 2.4165 |
| Guatemala | Quetzal | 2.4165 |
| Guinea Republic | Syli | 46.60 |
| Guinea Bissau | Peso | 83.10 |
| Guyana (S) | Guyanese $ | 6.16 |
| Haiti | Gourd | 12.08 |
| Honduras Repub. | Lempira | 4.83 |
| Hong Kong (S) | H.K. $ | 12.59 |
| Hungary | Forint | (com) 77.1745 |
| | | (T)(nc) 57.8085 |
| Iceland (S) | I. Krona | 15.097§ |
| India (S) | Ind. Rupee | 19.13 |
| Indonesia | Rupiah | 1,505.0 |
| Iran | Rial | 174.75 (sg) |
| Iraq | Iraq Dinar | 0.7123 |
| Irish Republic (k) | Irish £ | 1.3290 |
| Israel | Shekel | 19.65 |
| Italy | Lira | 2,354.5 |
| Ivory Coast | C.F.A. Franc | 572.0 |
| Jamaica (S) | Jamaica Dollar | 4.3100 |
| Japan | Yen | 492.0 |
| Jordan (S) | Jordan Dinar | 0.730 (sg) |
| Kampuchea | Riel | 2,899.8 |
| Kenya (S) | Kenya Shilling | 18.35 |
| Kiribati | Australian $ | 2.0470 |
| Korea (Nth) | Won | 2.16(ll) |
| Korea (Sth) | Won | 1,598.56 |
| Kuwait | Kuwait Dinar | 0.655 |
| Laos | New Kip | 24.165 |
| Lebanon | Lebanese £ | 8.9930 |
| Lesotho | Loti | 1.8140 |
| Liberia | Liberian $ | 2.4165 |
| Libya | Libyan Dinar | 0.7155 |
| Liechtenstein | Swiss Franc | 4.475 |
| Luxembourg | Lux Franc | 79.55 |
| Macao | Pataca | 12.75 |
| Madeira | Portuguese Escudo | 131.90 |
| Malagasy Republic | MG Franc | 572.0 |
| Malawi (S) | Kwacha | 2.0150 |
| Malaysia (S) | Ringgit | 5.3725 |
| Maldive Islands (S) | Mal Rupee | 9.4635 |
| Mali Republic | Mali Franc | 1,144.0 |
| Malta (S) | Maltese £ | 0.867 |
| Martinique | Local Franc | 11.44 |
| Mauritania | Ouguiya | 110.85 |
| Mauritius (S) | M. Rupee | 18.90 |
| Mexico | Mexican Peso | 56.25 |
| Miquelon | C.F.A. Franc | 572.0 |
| Monaco | French Franc | 11.44 |
| Mongolia | Tugrik | (o) 7.21(ll) |
| Montserrat | E. Caribbean $ | 6.50 |
| Morocco | Dirham | 10.49 (sg) |
| Mozambique | Metical | 69.25 |
| Nauru | Australian Dollar | 2.0470 |
| Nepal | Nepalese Rupee | 28.90 |
| Netherlands | Guilder | 5.39 |
| Netherland Antilles | Antillian Guilder | 4.3255 |
| New Hebrides | See VANUATU | |
| New Zealand (S) | N. Z. Dollar | 2.5160 |
| Nicaragua | Cordoba | 24.07 |
| Niger Republic | C. F. A. Franc | 572.0 |
| Nigeria (S) | Naira | 1.267479 (sg) |
| Norway | Norway Krone | 12.865 |
| Oman Sul'ate of (S) | Rial Omani | 0.833 |
| Pakistan | Pakistan Rupee | 23.80 |
| Panama | Balboa | 2.4165 |
| Papua N.Guinea (S) | Kina | 1.5580 |
| Paraguay | Guarani | 303.34 |
| Peru | Sol | exc A.845.37 |
| Philippines | Philippine Peso | 18.10 |
| Pitcairn Islands (S) | £ Sterling | — |
| | New Zealand $ | 2.5160 |
| Poland | Zloty | (Cm) 76.20 |
| | | (T) 76.20 |
| Portugal | Portuguese Escudo | 131.90 |
| Puerto Rico | U.S. $ | 2.4165 |
| Qatar (S) | Qatar Ryal | 8.77 |
| Reunion Ile de la | French Franc | 11.44 |
| Romania | Leu | (Cm) 10.48 |
| | | (n/c) T28.13 |
| Rwanda | Rwanda Franc | 225.18 |
| St. Christopher (S) | E. Caribbean $ | 6.50 |
| St. Helena | St. Helena £ | 1.0 |
| S. Lucia | E. Caribbean $ | 6.50 |
| St. Pierre | Local Franc | 11.44 |
| S. Vincent (S) | E. Caribbean $ | 6.50 |
| Salvador El | Colon | 6.02 |
| Samoa American | U.S. $ | 2.4165 |
| San Marino | Italian Lira | 2,354.5 |
| Sao Tome & Principe | Dobra | 85.45 |
| Saudi Arabia | Ryal | 8.02 |
| Senegal | C.F.A. Franc | 572.0 |
| Seychelles | S. Rupee | 15.70 sg. |
| Sierra Leone (S) | Leone | 2.6035 |
| Singapore (S) | Singapore $ | 5.0250 |
| Solomon Islands (S) | Solomon Is. $ | 1.9145 |
| Somali Republic | Somali Shilling | (A) 14.50 |
| South Africa (S) | Rand | 1.8140 |
| South West African Territories (S) | S. A. Rand | 1.8140 |
| Spain | Peseta | 196.60 |
| Spanish ports in North Africa | Peseta | 196.60 |
| Sri Lanka (S) | S. L. Rupee | 42.80 |
| Sudan Republic | Sudan £ (1) | 1.21 |
| Sudan Republic | Sudan £ (2) | 1.93 |
| Surinam | S. Guilder | 4.3255 |
| Swaziland (S) | Lilangeni | 1.8140 |
| Sweden | S. Krona | 10.90 |
| Switzerland | Swiss Franc | 4.475 |
| Syria | Syria £ | (A) 9.45 |
| Taiwan | New Taiwan $ | 87.00 |
| Tanzania (S) | Tan. Shilling | 19.45 |
| Thailand | Baht | 49.55 |
| Togo Republic | C.F.A. Franc | 572.0 |
| Tonga Islands (S) | Pa'anga | 2.0470 |
| Trinidad (S) | Trinidad & Tob. $ | 5.7996 |
| Tunisia | Tunisian Dinar | 1.015 (sg) |
| Turkey | Turkish Lira | 210.12 |
| Turks & Caicos | U.S. $ | 2.4165 |
| Tuvalu | Australian $ | 2.0470 |
| Uganda (S) | Uganda Shilling | 18.35 |
| United States | U.S. Dollar | 2.4165 |
| Uruguay | Uruguay Peso | (cm) 24.32 |
| | | (fn) 24.51 |
| Utd. Arab Emirates | U.A.E. Dirham | 8.85 |
| U.S.S.R. | Rouble | 1.6220 |
| Upper Volta | C.F.A. Franc | 572.0 |
| Vanuatu | Vatu | 175 (sg) |
| | Aust. Dollar | 2.0470 |
| Vatican | Italian Lire | 2,354.5 |
| Venezuela | Bolivar | 10.33 |
| Vietnam | Dong | (O) 5.2495 |
| | | (T) 5.3017 |
| Virgin Islands U.S. | U.S. Dollar | 2.4165 |
| Western Samoa (S) | Samoan Tala | 2.2360 |
| Yemen (Nth) | Ryal | 10.90 (sg) |
| Yemen (Sth) | S. Yemen Dinar | (A) 0.8250 |
| Yugoslavia | New Y Dinar | 70.9369 |
| Zaire Republic | Zaire | 7.248571 |
| Zambia | Kwacha | 1.9550 |
| Zimbabwe | Zimbabwe $ | 1.5200 |

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 101.50. **Rate is the transfer market (controlled). † Rate is now based on 2 Barbados $ to the dollar. †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

John Makinson reports on market reactions to the fortunes of the oil majors

# Oil shares in the limelight

INTERNATIONAL oil companies are hogging the limelight on the New York Stock Exchange. The share prices of the major companies have been buffeted over the past few months by alternating reports of famine and glut on the international oil market, as well as by attempts to guess the direction of the Reagan administration's energy policy. The fourth quarter figures announced over the past few days by several of the U.S. majors have come as a disappointment to the market, though analysts are still sounding confident about the prospects for 1981.

U.S. analysts are conscious of the uncertainties but many have still been pencilling in higher earnings forecasts for 1981. They believe the supply picture is clearing sufficiently to make a balanced appraisal of this year's prospects. And they like what they see.

The shares took off in the early autumn when the outbreak of hostilities between Iran and Iraq threatened to create serious supply problems for consuming nations. The two countries between them had been exporting almost 4m barrels per day, or roughly 8 per cent of world demand. The problem of meeting this shortfall was compounded by the danger that the war would interrupt other Gulf supplies passing through the Straits of Hormuz.

By early December, however, the supply difficulties had eased, spot prices retreated and the oil shares suffered a correction which lasted into the New Year. The share price of Exxon, which stood at $70 at the end of August, had risen to $88 by the end of November but then fell back steadily, reaching a low of $77 on January 9.

The roller-coaster kept moving over the past fortnight, as a recovery in prices was reversed by final quarter figures from Mobil, which were below expectations, and by disappointment that the Reagan administration had not acted immediately to accelerate oil price decontrol. The Exxon price, which hit $80 on January 16, had fallen back to $76½ late last week.

The OPEC meeting at Bali last month produced bigger price increases than most U.S. analysts had expected. Saudi Arabia's attempt to hold down prices by stepping up its own supplies was largely a failure and, despite the reported resumption of exports from Iran, some producing countries are already charging a premium over Bali prices. Kuwait, for example, is understood to be receiving up to $5 a barrel more than its official price for some term contracts.

The companies which stand to gain most from this fragmented pricing structure are Exxon, Texaco, Standard Oil of California (Socal) and Mobil—the Aramco partners which enjoy preferential access to Saudi crude. By increasing the price of its Arabian Light by $2 to only $32, Saudi Arabia has increased the so-called "Aramco advantage," the difference between the price of Saudi crude and the average OPEC price. The gap has widened from $2 to as much as $4 a barrel.

Socal, which derives around three-quarters of its crude requirements from Aramco, will be the greatest beneficiary while Mobil with a smaller stake than the other partners, will benefit least. It is possible that Saudi Arabia could introduce a retroactive price rise on its supplies, but this is not considered likely at present.

Most companies are now trying to diversify their sources of supply and this alone is applying upward pressure on prices. Mr. Richard Krijgsman, energy economist at London stockbroker James Capel, estimates that the market price of Middle East crude could increase to about $45 a barrel by the end of the year from the current level of about $35. Short-term supply constraints are in any case likely to hold up prices. Saudi Arabia is producing at close to capacity. Mexico has loading problems at its ports and Alberta has cut production.

The pricing picture has probably been the principal determinant of the movement in oil company shares, but analysts have also been examining the likely implications for the oil sector of a Reagan Administration. It is thought unlikely that he will tamper much with the windfall profits tax introduced last year to compensate for the gradual decontrol of domestic crude prices, but he could move quickly in other directions.

Donaldson, Lufkin and Jenrette, the New York securities firm, points out that President Reagan could accelerate the leasing of Federal lands, both onshore and offshore, and ease the present environmental restrictions on drilling. He might also accelerate the final freeing of domestic oil prices, which is currently scheduled for October this year. All these measures could be taken without reference to Congress.

According to Mr. Sanford Margoshes, oil analyst at Bache Halsey Stuart Shields in New York, the new President is likely to emphasise the supply side of the energy equation, in contrast to Mr. Carter's concentration on demand management. And that shift should be positive for the cash flow of the oil majors.

Downstream, the major companies are now experiencing a slight improvement in refining margins, which were negligible for most of last year. The climate was particularly poor in Europe where, by November, some margins had fallen to $1.80 from as much as $7.69 a year before. By December the position had improved and analysts are now expecting a strong first quarter. The companies with extensive European refining interests (Royal Dutch/Shell, British Petroleum and Gulf) have the most room to catch up, though their higher feedstock prices will continue to place them at a disadvantage compared with North American refiners.

Finally, analysts believe that the whole sector now looks cheap on technical grounds. The major companies trade on price-earnings ratios—from about 4½ to 7½—that are undemanding by historic standards. Furthermore, the shares are valued at sizeable discounts to their appraised assets, as the accompanying table shows.

The companies most favoured by U.S. analysts are Mobil and Royal Dutch/Shell. Both were late in developing North American acreage but have recently been aggressive in building up frontier exploration activities.

Mobil now owns attractive acreage off the coast of Newfoundland and Nova Scotia, as well as good prospects in the North Sea, the Beaufort Sea off Western Canada, and in West Africa. These offshore interests should increasingly compensate for its weak acreage position within the U.S., an unexciting chemicals business and some disastrous attempts at diversification. Its retailing operation, Montgomery Ward, was losing money at the rate of about $40m a quarter last year. Barry Aling, of London brokers Carr Sebag, is less enthusiastic about Mobil and points out that the group's profits are inflated by the use of "average cost" accounting on foreign operations, a practice adopted by no other U.S. major.

Shell has also improved its acreage position in North America, particularly through the 1979 acquisition of Belridge Oil. Long regarded as principally a downstream company with a sensitive nose for the oil markets, it now has perhaps the most broadly-based supply profile of any major, with an exceptionally strong position in natural gas.

Exxon is the only company which could claim to be more soundly structured than Royal Dutch. Apart from its strong domestic base and its Aramco interest, Exxon is well placed in Australia through its involvement in the Bass Strait. Exxon's strengths are well-recognised, however, and it commands a more demanding rating than the Anglo-Dutch group.

BP and Gulf seem the least popular of the "Seven Sisters." The British company has partly compensated for the supplies lost in Iran and Nigeria through the North Sea Ninian Field and Alaska but, like Texaco, it has failed to make a great success of its downstream activities and its exploration prospects are less exciting than, for example, those of Mobil.

The recent past has been unkind to Gulf. The only U.S. major without a holding in Aramco, it is the most vulnerable to the Trudeau energy programme in Canada and is saddled with unprofitable term gas contracts in the U.S. It has an uncomfortable dependence on basic petrochemicals and is still extricating itself from a painful foray into the uranium business. The unkindest cut of all was made two years ago, when Kuwait drastically reduced its crude supplies to the company.

Analysts are drawing comfort from the size of world oil stocks, which began this year's fortuitously mild winter at a record level. They also point out that if more supplies come on stream from Iran and Iraq, Saudi Arabia could cut back supplies quickly to prevent a glut. Yet, with the sector responding to market news and rumours like a yo-yo, it would be a brave investor who put his money into international oil stocks without flinching.

**INTERNATIONAL OIL COMPANY VALUES**

| | Share price $ | P/E | Yield | Discount to appraised value in % |
|---|---|---|---|---|
| British Petroleum | 37½ | 4.4 | 5.0 | 44 |
| Exxon | 76¾ | 6.3 | 7.8 | 45 |
| Gulf | 41 | 5.4 | 6.1 | 64 |
| Mobil | 76½ | 4.9 | 5.2 | 45 |
| Royal Dutch | 95 | 3.5 | 6.8 | 61 |
| Standard Oil of California | 95 | 7.1 | 4.2 | 46 |
| Texaco | 43½ | 4.4 | 6.0 | 66 |

*Sources: John S. Herold Inc.; Datastream International*

Iraqi troops occupy an Iranian oil installation in Gulf war.

# JOBS COLUMN

## Pair to follow in head-hunter's footsteps

BY MICHAEL DIXON

SIR JOHN TRELAWNY is a member of the Jobs Column Class of '78. Which is to say that three years ago next month, words written here caused him to apply for a job with the London arm of the executive-searchers Korn/Ferry International.

"I have no regrets," he confided the other day. "I have just been appointed deputy managing director." And as such he has returned to this corner of the FT in the hope that a brace of other readers will follow in his footsteps. The main reason for this hope, he adds, is that "1980 has seen a substantial increase in our British business, as well as an increasing content of international assignments."

That is good news; surprisingly good. While working in the rag trade some time ago, I once heard a clothing manufacturer comment "Business bad? They're sacking the brothers-in-law already!" My general impression was that the manager-recruiting market had spent last year in at least a comparable stage of gloominess.

Perhaps Sir John's contradictory report is good news only for the sector of the recruiting business which specialises in the personal-approach methods of executive search, as distinct from the far more extensively used method of advertising the job on offer.

After all, it seems reasonable to suppose that in hard times company chiefs will concentrate their reduced recruitment on senior posts which closely affect them, rather than on more junior ranks whose support is less directly felt at the top. And as the recent Institute of Personnel Management Survey of 335 companies in Britain showed, it is for filling senior jobs that *executive-searchers*—whom the companies rated high for producing suitable candidates, but extremely low for cost-effectiveness—are mainly used. Also, since a mere 4 per cent of the whole survey sample, and only one in five of the surveyed companies with more than 1,000 employees reported more than "very occasional" use of executive-searchers, even a small overall increase in that use would surely be felt by the searchers as a "substantial" rise.

Still more contentious is the possibility that the increase in British business reported by Korn/Ferry's UK deputy chief represents better news for his particular consultancy than for executive-searchers in general. Although I must emphasise I have no objective evidence either way, Sir John would doubtless like to think this was so, not least because he claims that his operation emphasises an aspect of recruitment in which the IPM survey rated searchers and selection consultants worse than all other recruiting sources apart from the trade Press. That aspect is speed in filling the job on offer.

Search concerns tended, he said, to give the work of hunting down a short-list of qualified candidates for a particular job to an individual consultant. And up to three years ago, he himself used to stress to prospective customers the advantages of this one-job-one-consultant approach. But his emphasis *nowadays is on the extra speed* of operation offered by what Korn/Ferry calls, somewhat extravagantly, its "task force" method.

"When you're working as an individual consultant," he added, "it's pleasant to think that you can assess what a job requires and then walk out and find the right person virtually all on your own. But the fact is that a successful search is at least as much a matter of perspiration as of inspiration, and you can put in the necessary perspiration more quickly by sharing the effort among a team."

Accordingly, his concern makes each particular assignment the responsibility of a director or senior consultant, supported by a so-called task force consisting of a subordinate "managing associate" plus more junior research and secretarial staff. Under the direction of the force's leader, the managing associate supervises the junior staff in the searching of files, trade directories and so on for likely-looking candidates, and does much of the initial contacting and screening thereof. While the managing associate's direct role diminishes as the importance of the job to be filled increases, Sir John claimed that the work also offers an opportunity to train in the executive-searcher's craft.

Of the two people he is searching for on his own behalf, one will be the senior person *leading a team, and the other* a rank down as a managing associate.

Candidates for the first post should have worked at high level in industry or in a professional field before going on to establish themselves as successful executive-search consultants. No figure for pay in this post was forthcoming from Korn/Ferry, but my estimate is that it must be prepared to go up—in terms of total rewards earnable—to £30,000 or perhaps a bit more.

The managing associate, on the other hand, need not have experience as a search consultant. But success in the general management of a business operation, including direct responsibility for selecting people, is required. Here, the indicator for the total rewards is "in the order of £20,000."

Inquiries to Sir John Trelawny at 2-4 King Street, St. James's, London SW1Y 6QL: telephone 01-930 5524, telex 914860.

In the case of today's other job-openings, the recruitment consultants may not name the employer. So they promise to abide by any applicant's request not to be identified to the client concerned until further permission has been given.

### Euro-markets

THE NEXT TWO are being handled by Dr. John Padbury of Grosvenor Stewart (15 Tilehouse Street, Hitchin, Hertfordshire SG5 2DU; tel. 0462 55303, telex 826310 GS UK G).

The first post is for a London-based general manager in charge of the United Kingdom and Benelux countries' operations of a United States group with a \$3bn turnover mainly in advanced-technology systems, particularly for fluid processes such as water treatment and pollution control.

Responsibility is to the Paris-based vice-president for Europe, whom the newcomer will be expected swiftly to prove capable of succeeding by identifying business opportunities for the group and being always abreast of trends, whether social, political, economic or technical, likely to influence the business in the general manager's areas. Supporting staff consist of about 30 people in the UK and some 20 elsewhere.

Candidates must have success in Europe-wide marketing management based on impressive leadership of sales teams preferably of mixed nationalities, plus understanding of—if not a degree in — science and engineering. Salary indicator up to £30,000 or so, with car among perks.

John Padbury also seeks a sales and marketing manager for Europe for another U.S. group, who will work from the Netherlands or perhaps Germany and be particularly concerned with laboratory supplies. Responsibility is to the international marketing manager in America. *Two regional managers* are in immediate support.

Here direct management of sales teams and of strategic marketing with international scope is again needed, preferably in similar products. Fluency in at least German as well as English is required, and experience with U.S. multinationals would help. Salary would be equivalent to around £20,000, plus negotiable perks.

### Technical boss

FINALLY, Brian Saltzer of West One Selection (PO Box 4QZ, 61 Berners Street, London W1A 4QZ; tel.: 01-636 8791, telex 28604 ref. 3013) wants a "very special" mechanical engineer steeped in radio frequency connectors and with sufficient managerial experience to become technical director of a public, electronics distribution company. The base is London. Age at least 35.

Mr. Saltzer puts the earnings indicator at £15,000 or more. The perks include a car. "Career progression could lead to the managing directorship."



## CONTRACTS AND TENDERS

**NATIONAL ALUMINIUM COMPANY LIMITED**

(A GOVERNMENT OF INDIA UNDERTAKING)

**NEW DELHI**
**INDIA**

NOTICE FOR PREQUALIFICATION
FOR CAPTIVE THERMAL POWER STATION

National Aluminium Company Limited (a Government of India undertaking), hereinafter referred as NALCO, with its office at Chiranjiv Tower, 43, Nehru Place, New Delhi—110 019, proposes to invite bids for the supply and installation of Turbine-Generator Plants and matching steam Generator Plant to be located in the Captive Thermal Power Station at Balaramprasad near Talcher in the State of Orissa, India. The Captive Power Plant is being set up to supply 400 MW of firm and uninterrupted power to an Aluminium Smelter located nearby.

**SCOPE OF SERVICES:**
The Scope of Services shall include design, manufacture, delivery, transportation, erection, satisfactory commissioning and handing over of the following equipment and services under one composite package comprising of:

A) "Turbine Generator Plant"
- i) Four to six number Turbine Generator Sets having any of the following nominal ratings:
  - —120 MW
  - —210 MW
  - —any other size in between 120 MW and 210 MW (optional)
- ii) Condensing plant with pumps and drives
- iii) Feed Heating Plant along with interconnecting condensate and steam piping including extraction steam piping
- iv) Boiler feed pumps and drives
- v) Turbovisory instruments
- vi) High and Low pressure steam bypass and dumping system
- vii) Other associated auxiliaries
- viii) Electrical power supply and distribution system

B) "Steam Generator Plant"
- i) Four to six number Pulverised Coal Fired reheat type steam Generator Units (designed to burn coal with 35% ash content having above average abrasive characteristics) having super-heater outlet steam condition and steam flow matching TG requirement stated above, tentatively estimated as:
  - —for 210 MW Unit ........... 680 Tonnes/hour: 155 kg/cm$^2$: 540°C
  - —for 120 MW Unit ........... 390 Tonnes/hour: 135 kg/cm$^2$: 540°C
- ii) Boiler Control and Instrumentation System
- iii) Electrostatic Precipitator for Boiler Flue Gas Circuit
- iv) Power Cycle Piping, i.e. main steam, hot reheat, cold reheat, feed water discharge piping, etc., interconnecting "Turbine Generator Plant," with "Steam Generator" unit terminals
- v) Electrical power supply and distribution system to drives

**PREQUALIFICATION:**
The firms who wish to participate in the bidding process should have commissioned at least three (3) or more plants comprising similar capacity units under similar operating conditions, which are under successful operation for over two years.
Only such firms who are themselves manufacturers or are engineering contractors with proven access to manufacturers and can produce satisfactory evidence that they have the necessary experience, financial resources and organisation to undertake such work to the satisfaction of the purchaser are qualified to participate in this bid.

NALCO reserves the right to add further prequalification conditions or relax the same and also to disqualify any bidder without assigning reasons therefore.

**The prequalification document shall contain the following information:**

1. Description and capacity of manufacturing facilities
2. (a) Experience on manufacture and installation of similar type and size of unit
   - i) In the country of origin
   - ii) Export project outside country of origin
   - iii) Experience in Asian country and tropical region

   (b) Details of experience shall cover:
   - i) Supply of equipment
   - ii) Turnkey project management
   - iii) Erection and Commissioning of equipment supplied
3. Best possible delivery, erection and commissioning schedule acceptable under penalty
4. Latest Annual Report and Balance Sheets
5. Availability of spares and service facilities in India

Prequalified firms will be intimated over telex/cable.

Bid documents are expected to be made available to prequalified bidders in April 1981.

**Prequalification document in triplicate shall be submitted by February 25, 1981, at the following address:**

GENERAL MANAGER
NATIONAL ALUMINIUM COMPANY LIMITED
"CHIRANJIV TOWER", 43 NEHRU PLACE
NEW DELHI — 110 019, INDIA

## COMPANY NOTICES

**SOCIETE GENERALE**
**US\$50,000,000 Floating Rate Notes due 1991**

For the three months, January 15, 1981 to April 14, 1981, the notes will carry an interest rate of 19.25% per annum.

The interest due April 15, 1981, against coupon No. 7 will be U.S.\$48.125 and has been computed on the actual number of days elapsed (90) divided by 360.

THE PRINCIPAL PAYING AGENT,
SOCIETE GENERALE
ALSACIENNE DE BANQUE,
15, Avenue Emile Reuter,
Luxembourg.

**SOCIETE GENERALE ALSACIENNE DE BANQUE**
**US\$20,000,000 Floating Rate Notes due 1991**

For the six months, January 15, 1981, to January 14, 1981, the notes will carry an interest rate of 17.75% per annum.

The interest due July 15, 1981, against coupon Nr. 4 will be U.S.\$89.24 and has been computed on the actual number of days elapsed (181) divided by 360.

THE PRINCIPAL PAYING AGENT,
SOCIETE GENERALE
ALSACIENNE DE BANQUE,
15, Avenue Emile Reuter,
Luxembourg.

**NIPPON MEAT PACKERS, INC.**
**(CDRs)**

The undersigned announces that the Annual Report year ended July 31, 1980 of Nippon Meat Packers, Inc., will be payable in Luxembourg at:
Kredietbank S.A. Luxembourgeoise, Luxembourg.
and further in Amsterdam at:
Algemene Bank Nederland N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope NV,
Pierson, Heldring & Pierson N.V.,
Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
19th January 1981.

**OLD COURT DOLLAR COMMODITY TRUST**
**(CDRs)**

The undersigned announces that the report for the half year ended 21st October 1980 of Old Court Dollar Commodity Trust will be available in Amsterdam at:
Pierson, Heldring & Pierson N.V.,
Algemene Bank Nederland N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope NV,
and Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
19th January 1981.

**ENEL**
**ENTE NAZIONALE PER L'ENERGIA ELETTRICA**
Head Office: 3 Via Giovanni Battista Martini ROME (Italia)

FIRST NOTICE TO HOLDERS OF FLOATING RATE DEBENTURES DUE 1987 CONVERTIBLE INTO 10% FIXED RATE DEBENTURES DUE 1995

The holders of floating rate debentures due 1987 convertible into 10% fixed rate debentures due 1995, issued by ENEL—ENTE NAZIONALE PER L'ENERGIA ELETTRICA are convened to an Ordinary General Meeting to be held at 50, boulevard Haussmann, PARIS 9e (France) on February 18, 1981 at 3 p.m. in order to consider the following agenda:

—Appointment of the debentureholders' permanent representatives, designation of the substitute representatives.

—Determination of the debentureholders' representatives' capacities and indemnities.

To permit the debentureholders to attend or to be represented at this meeting, debentures or their deposit receipts must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these debentures and from whom proxies or admission cards can be requested. This meeting shall be validly held if the holders of twenty-five per cent of the outstanding debentures are present in person or represented.

Principal Paying Agent
SOCIETE GENERALE
ALSACIENNE DE BANQUE,
Luxembourg branch.

**NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN CO. LTD.**

NOTICE IS HEREBY GIVEN that at a meeting of the Board of Directors of Nippon Shinpan Co. Ltd., held on January 16, 1981, it was resolved that a free distribution of shares be made to shareholders in the ratio of 0.1 share for each 1 common share of Y50 each (1 new for each 10 old) as of record date, 3.00 pm Tokyo time, March 31, 1981.

With effect from March 27, 1981, the shares will be traded on the Japanese Stock Exchanges ex-rights. Coupon No. 5 attached to the EDRs will deem to have matured on March 27, 1981, and will be used for the purpose of claiming these rights and Coupon No. 5 should be detached from any EDRs presented for surrender on or after that date.

The registration of shareholders of the company will be suspended during the period from April 1, 1981, to the closing of the 54th Ordinary General Meeting of Shareholders, expected to take place in the latter part of June, 1981.

A further notice will be published as soon as practicable giving the date of distribution of the new shares which is expected to be early June, 1981, and the method to be adopted for collection of the rights shares.

In addition to the abovementioned free distribution, the Company propose to offer new common shares of Y50 each as a public offering. It is expected that the issue price will be at a discount of about 5% of the current price. This offering has been underwritten by Daiwa Securities Co. Ltd., The Nomura Securities Co. Ltd., Daiichi Securities Co. Ltd., and New Japan Securities Co. Ltd. Any shareholder wishing to acquire new shares should contact one of the abovementioned securities companies during the offer period March 18, 1981 to March 20, 1981.

CITIBANK, N.A.
London
January 27, 1981.

## LEGAL NOTICE

IN THE MATTER OF
ROLAND MARKETING LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 2nd day of March, 1981, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Stephen Daniel Swaden, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of January, 1981.
S. D. SWADEN, Liquidator.

## PUBLIC NOTICE

CITY OF EDINBURGH DISTRICT COUNCIL
£1,500,000.00 issued on 23rd January 1981 due 24th April 1981 at a rate of 12¼%. Applications totalled £9m. Total Outstanding £5m.

# WORLD STOCK MARKETS

## Dow off 3.6 at mid-session

AN EASIER tendency continued to prevail yesterday morning on Wall Street in moderate trading.

Analysts said that with the outlook for interest rates unclear, and President Reagan's economic package not due until sometime in February, there was little to stimulate either buying or selling. They added that the major institutions were mostly on the sidelines, accounting for the relatively modest turnover.

The Dow Jones Industrial Average slipped 3.59 to 936.60 at 1 p.m., while the NYSE All Common Index shed 42 cents to $74.30 and declines outpaced gains in the ratio of nine-to-seven. Trading volume contracted to 23.43m shares from last Friday's 1 p.m. level of 26.09m.

Precious Metal shares were hard hit as Bullion prices dropped. Asa fell $3 to $54, Dome Mines $4 to $76, Homestake $3¾ to $53½, Hecla Mining $3¼ to $29½ and Sunshine Mining $1¼ to $14.

Union Pacific reported disappointing fourth-quarter results and receded $3½ to $68. Trans World cut its losses by half in the fourth quarter but dipped $⅝ to $20¼, Burlington Northern and Norfolk and Western added fractions on improved December-quarter results.

Control Data reported strong final-quarter net profits and added $⅜ at $65½. General Motors forecast capital spending late in the decade of another $40bn, similar to its current five-year spending plan, and lost $¾ to $44½.

Volume leader Transamerica shed $½ to $18⅜. A block of 520,000 shares were moved at $18. NLT, in second place on the actives list, added $1 to $25½.

Active Texaco, which reported lower fourth-quarter net earnings last week, lost $1⅛ to $42¾. Mobil dipped $1⅛ to $76¾ after rising last week on news of a stock split.

THE AMERICAN SE Market Value Index was down 2.68 at 338.68 at 1 pm. Volume 2.90m shares.

### Canada

Markets further retreated in fairly active early trading, with Golds featuring weakly on falling Bullion prices. The Toronto Composite index lost 20.4 to 2,203.6 at midday, while the Gold shares index fell 238.4 to 3,952.5. Oil and Gas shed 31.8 to 4,344.5 and Metals and Minerals 25.4 to 2,167.9.

### Germany

A widespread decline occurred in thin trading, with the market undermined by the weakness of both the Deusche Mark and West German Bond markets, and speculation that local inflation had climbed back to 6 per cent. The Commerzbank index shed 5.5 to 676.8.

Sellers had dominated throughout the session, and Machine Manufacturers fared the worst. GHH lost DM 3.50, Deutsche Babcock DM 3.30 and KHD DM 3.

Dresdner Bank fell DM 3.90 and BMW DM 2.50, but in Electricals, Brown Boveri gained DM 1.50 to DM 263.50 and Varta DM 2 against the trend.

On the Domestic Bond Markets, public issues fell by about 35 pfennigs in trading made nervous primarily by fears of accelerating inflation and upward pressure on interest rates. The Bundesbank intervened to purchase paper valued at DM 5.6m, up from net purchases of DM 700,000 on Friday.

### Paris

Sharply weaker Oils led the market generally lower in light volume on worries over high U.S. interest rates and the dollar's sharp rise.

Petroles BP lost FFr 16.5 to FFr 108.5 and Raffinage FFr 9.5 to FFr 122.5 after both shares had been temporarily suspended due to order imbalances. Elf Aquitaine receded FFr 23 to FFr 1,140.

### Switzerland

Shares mostly continued to lose ground, fresh selling prompted by rises in the dollar, Euromarket rates and Swiss interest rates.

In Banks, profit-taking spread from Credit Suisse, off SwFr 45 at SwFr 2,655, to all shares, as investors expect the 1981 banking year not to match 1980. Rights issues, expected for most big banks shortly, are largely accounted for in yesterday's prices, dealers added.

### Toyko

After the easier trend of recent sessions on profit-taking, the market made a mixed showing yesterday in quiet dealings. A broker said domestic financial institutions as well as foreign investors appeared to have hesitated in purchasing as the end of the month draws near.

The Nikkei-Dow Jones Average picked up slightly by 1.81 to 7,249.42, although declines narrowly outscored gains on the First Market section by 331 to 308. Volume amounted to 250m shares, well below last Friday's 360m.

Shipbuildings, Electric Wire Manufacturers, Steels, Banks and Chemicals were firmer-inclined on selective buying, but high-priced Light Electricals, together with Precision Instruments, Foods, Machines and Non-Ferrous Metals, mainly lost ground.

Hitachi Shipbuilding improved Y6 to Y200, Mitsui Shipbuilding Y5 to Y192, Nippon Kokan Y2 to Y153, Showa Denko Y11 to Y304, Sumitomo Electric Y8 to Y341 and Seitetsu Kagaku Y46 to Y298.

In contrast, Sony retreated Y50 to Y3,110, Pioneer Electronic Y60 to Y2,810, Canon Y9 to Y836, Ricoh Y8 to Y652, TDK Electronic Y70 to Y3,620, Dowa Mining Y8 to Y347, Nippon Electric Y10 to Y566 and Ajinomoto Y4 to Y831.

### Singapore

Selective buying pushed the market further ahead in active trading. The Singapore Straits Times Industrials index finished 7.71 stronger at an all-time high of 726.78, eclipsing the previous record peak of 731.07 set on November 21 last year.

Part of the market's recent strength is believed to be due to investor optimism ahead of the Chinese New Year in early February. A broker, however, said that gains remained highly selective, with buying interest disinclined to spill over into the market as a whole.

He noted that news over the weekend that a Malaysian plantation had been sold at a price that effectively valued the land at 5,700 ringgits an acre, failed to boost interest in Plantation shares. He called the price "quite handsome," and said that if one valued listed Plantation companies at "roughly that kind of price per acre, you would find most undervalued."

Attention was focused on Industrials, while Banks and Plantations closed better, where changed. Properties were mixed.

### Johannesburg

Gold shares were sharply lower on heavy overseas and local selling following the fall in the Bullion price. F.S. Geduld dipped R3.50 to R51.50, East Driefontein R3.25 to R26.00 and Buffels R3.50 to R39.50.

Mining Financials were weak with Golds, Amgold falling R10 to R98 and Anglos 60 cents to R14.90. Diamond leader De Beers shed 35 cents to R9.40.

### Hong Kong

Shares tended to harden in light trading, but with the market overshadowed by a belief that U.S. interest rates would not fall appreciably in the near future despite the decline in U.S. money supply in the latest reporting week. The Hang Seng index gained 9.43 to 1,540.85.

### Australia

All markets were closed yesterday for Australia Day.

**Closing prices for North America were not available for this edition.**

## NEW YORK

[illegible]

## CANADA

| Stock | Jan. 23 | Jan. 22 |
|---|---|---|
| Abitibi | 23 | 23⅝ |
| Agnico Eagle | 15¼ | 15¼ |
| Alcan Alumin | 38 | 38⅛ |
| Algoma Steel | 39½ | 39¼ |
| Asbestos | 30 | 30 |
| Bk Montreal | 31⅝ | 32 |
| [illegible] | [illegible] | [illegible] |

## BELGIUM (continued)

| Jan. 26 | Price Frs. | + or — |
|---|---|---|
| Petrofina | 4,900 | —80 |
| Royale Belge | 4,410 | ...... |
| Soc Gen Banq. | 2,150 | +20 |
| Soc Gen Belge | 1,160 | +10 |
| Sofina | 2,760 | ...... |
| Solvay | 2,360 | —20 |
| [illegible] | [illegible] | [illegible] |

## HOLLAND

| Jan. 26 | Price Fls. | + or — |
|---|---|---|
| ACF Holding | 72.3 | +0.8 |
| Ahold | 68.5 | —1 |
| AKZO | 17 | —0.1 |
| ABN | 274.5 | ...... |
| AMEV | 92.3 | —0.3 |
| AMRO | 57 | —0.1 |
| [illegible] | [illegible] | [illegible] |

## AUSTRALIA

| Jan. 25 | Price Aust. $ | + or — |
|---|---|---|
| ANZ Group | 4.35xc | +5 |
| Acrow Aust | 1.00 | ...... |
| Allstate Expl | 1.55 | —0.05 |
| Ampol Pet | 1.72 | ...... |
| Assoc. Pulp Pap. | 2.20 | ...... |
| Audimco | 0.22 | ...... |
| Aust. Cons. Ind. | 2.10 | ...... |
| [illegible] | [illegible] | [illegible] |

## JAPAN (continued)

| Jan. 26 | Price Yen | + or — |
|---|---|---|
| Kubota | 357 | ...... |
| Kumagai | 368 | —2 |
| Kyoto Ceramic | 3,490 | —100 |
| Lion | 520 | ...... |
| Maeda Cons. | 510 | —8 |
| Makita | 978 | —2 |
| Marubeni | 370 | —3 |
| [illegible] | [illegible] | [illegible] |

# Indices

## NEW YORK —DOW JONES

| | Jan. 23 | Jan. 22 | Jan. 21 | Jan. 20 | Jan. 19 | Jan. 16 | 1980/81 High | 1980/81 Low | Since C'mpil't'n High | Since C'mpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ●Industr'ls | 940.19 | 940.44 | 946.25 | 950.68 | 970.99 | 975.29 | 1004.69 (6/1/81) | 759.15 (21/4) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me B'nds | 64.61 | 64.90 | 65.69 | 65.55 | 65.33 | 65.51 | 76.61 (23/5) | 60.98 (15/12) | — | — |
| Transport.. | 391.61 | 392.03 | 392.46 | 394.88 | 405.55 | 401.99 | 425.69 (28/11) | 233.69 (27/3) | 425.69 (28/11/80) | 72.23 (3/7/32) |
| Utilities | 111.76 | 113.09 | 113.80 | 113.60 | 114.55 | 113.22 | 117.81 (5/1/81) | 95.04 (27/3) | 163.32 (20/4/69) | 10.5 (28/4/42) |
| Trading Vol 000's | 37,220 | 39,380 | 39,190 | 41,750 | 36,470 | 43,260 | — | — | — | — |

●Day's high 947.10 low 934.30

| Ind. div. yield % | Jan 16. | Jan. 9 | Jan. 2 | Year ago (approx) |
|---|---|---|---|---|
| | 5.58 | 5.61 | 5.59 | 6.40 |

## STANDARD AND POORS

| | Jan. 23 | Jan. 22 | Jan. 21 | Jan. 20 | Jan. 19 | Jan. 16 | 1980/81 High | 1980/81 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Indust'ls | 147.95 | 147.90 | 149.10 | 148.40 | 152.64 | 153.20 | 160.95 (28/11) | 111.05 (27/7) | 160.95 (28/11/80) | 3.52 (30/6/32) |
| §Composite | 130.23 | 130.26 | 131.36 | 131.65 | 134.37 | 134.77 | 140.52 (28/11) | 99.22 (15/2) | 140.52 (28/11/80) | 4.40 (1/6/32) |

| | Jan. 22 | Jan. 14 | Jan. 7 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 4.55 | 4.45 | 4.39 | 4.97 |
| Ind. P/E Ratio | 9.50 | 9.41 | 9.52 | 8.14 |
| Long Gov. Bond Yield | 12.13 | 11.75 | 11.52 | 10.66 |

## N.Y.S.E. ALL COMMON

| Jan. 23 | Jan. 22 | Jan. 21 | Jan. 20 | 1980/81 High | 1980/81 Low |
|---|---|---|---|---|---|
| 74.72 | 74.76 | 75.39 | 75.61 | 81.02 (28/11) | 55.30 (22/1) |

| Rises and Falls | Jan. 23 | Jan. 22 | Jan. 21 |
|---|---|---|---|
| Issues Traded | 1,872 | 1,865 | 1,897 |
| Rises | 625 | 468 | 554 |
| Falls | 775 | 1,024 | 950 |
| Unchanged | 414 | 373 | 395 |
| New Highs | — | 25 | 10 |
| New Lows | — | 20 | 19 |

## MONTREAL

| | Jan. 23 | Jan. 22 | Jan. 21 | Jan. 20 | 1980/81 High | 1980/81 Low |
|---|---|---|---|---|---|---|
| Industrials | 366.82 | 370.62 | 372.27 | 374.16 | 423.30 (29/2) | 325.31 (27/3) |
| Combined | 346.48 | 351.33 | 352.71 | 353.51 | 378.96 (20/10) | 296.90 (27/3) |
| TORONTO Composite | 2224.0 | 2236.2 | 2245.9 | 2245.0 | 2402.2 (26/11) | 1702.5 (27/3) |

## NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| Gulf Oil | 1,429,900 | 40½ | —½ | Texaco | 342,300 | 44 | +½ |
| Texas Intl. | 833,200 | 53 | +4 | NLT | 338,600 | 24½ | +1⅛ |
| Sth. Cal. Edison | 532,100 | 24⅛ | —½ | Mobil | 319,200 | 77⅞ | +1½ |
| Sears | 478,700 | 42 | —½ | ATT | 307,400 | 40¾ | —⅛ |
| General Motors | 389,600 | 45¼ | —¾ | Sears Roebuck | 307,000 | 15⅛ | — |

## WORLD INDICES

| | Jan. 26 | Jan. 23 | Jan. 22 | Jan. 21 | 1980/81 High | 1980/81 Low |
|---|---|---|---|---|---|---|
| AUSTRALIA All Ord. (1/1/80) | (c) | 669.2 | 678.7 | 652.0 | 748.2 (17/11) | 503.1 (3/7/60) |
| Metal & Minrls. (1/1/80) | (c) | 624.4 | 635.4 | 645.4 | 818.0 (17/11) | 492.5 (26/5) |
| AUSTRIA Credit Aktien (2/1/62) | 64.58 | 64.65 | 64.57 | 64.54 | 69.40 (7/1/80) | 64.36 (20/1/81) |
| BELGIUM Belgian SE (31/12/63) | 83.63 | 83.35 | 82.25 | 85.79 | 105.75 (11/2/80) | 82.42 (7/1/81) |
| DENMARK Copenhagen SE (1/1/73) | 100.61 | 100.34 | 100.14 | 100.14 | 100.61 (26/1/81) | 74.78 (6/3) |
| FRANCE CAC General (29/12/61) | 104.0 | 104.9 | 105.5 | 105.6 | 120.5 (5/11) | 97.1 (6/7/80) |
| Ind Tendance (31/12/80) | 96.7 | 96.3 | 96.1 | 96.2 | 100.0 (31/12/80) | 95.7 (26/1/81) |
| GERMANY FAZ-Aktien (31/12/58) | 220.08 | 221.35 | 221.31 | 221.75 | 238.89 (25/2/80) | 215.76 (28/3) |
| Commerzbank (Dec. 1953) | 676.8 | 682.3 | 682.9 | 685.9 | 749.2 (25/2/80) | 667.0 (27/3) |
| HOLLAND ANP-CBS General (1970) | 87.6 | 87.5 | 87.5 | 86.6 | 89.6 (21/11) | 74.0 (27/3) |
| ANP-CBS Indust. (1970) | 64.5 | 64.4 | 64.5 | 64.2 | 68.2 (11/1/80) | 58.2 (28/3) |
| HONG KONG Hang Seng Bank (31/7/64) | 1540.85 | 1531.42 | 1532.27 | 1548.06 | 1654.57 (13/11) | 738.9 (19/3) |
| ITALY Banca Comm. Ital (1972) | 209.95 | 205.01 | 203.12 | 196.39 | 209.95 (25/1/81) | 83.11 (2/1/80) |
| JAPAN Dow Average (16/5/49) | 7249.42 | 7257.52 | 7293.29 | 7515.35 | 7515.35 (21/1/81) | 6475.93 (27/3) |
| Tokyo New SE (4/1/68) | 507.52 | 508.15 | 506.66 | 509.70 | 508.70 (21/1/81) | 449.01 (10/6) |
| NORWAY Oslo SE (1/1/72) | 120.54 | 120.58 | 120.67 | 121.67 | 144.70 (14/2/80) | 110.12 (28/6) |
| SINGAPORE Straits Times (1966) | 726.78 | 719.07 | 711.53 | 704.75 | 726.78 (26/1/81) | 428.75 (3/1/80) |
| SOUTH AFRICA Gold (1958) | (u) | 689.4 | (u) | 715.3 | 1026.1 (22/9) | 456.5 (18/3) |
| Industrial (1958) | (u) | 682.4 | (u) | 689.1 | 660.5 (5/11) | 456.0 (2/1/80) |
| SPAIN Madrid SE (30/12/80) | (c) | 105.18 | 104.50 | 104.37 | 105.15 (23/1/81) | 100.0 (30/12/80) |
| SWEDEN Jacobson & P. (1/1/58) | 422.15 | 419.35 | 417.79 | 412.49 | 427.37 (9/1/81) | 354.72 (17/1/80) |
| SWITZERLAND Swiss BankCpn. (31/12/58) | 294.1 | 295.5 | 297.1 | 297.0 | 317.9 (11/2/80) | 275.0 (28/3) |
| WORLD Capital Intl. (1/1/70) | — | 153.5 | 156.2 | 157.6 | 154.9 (20/11) | 120.5 (27/3) |

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u unavailable.

# COMMODITIES AND AGRICULTURE

## Egypt to cut potatoes for UK

By Sara Davies

EGYPT plans to ship 80,000 tonnes of early potatoes—nearly 80 per cent of its early King Edward crop—to the UK starting in the next few weeks.

The Egyptian Potato Marketing Organisation, which was formed recently by the merger of two vegetable exporters, plans to improve the quality and reputation of Egyptian potatoes in the UK and to introduce greater stability into marketing the crop in Britain.

Last year Egypt sent nearly 100,000 tonnes of early potatoes and 15,000 tonnes of maincrop to Britain. The early crop will begin about February 15 and continue to mid-May.

The Potato Marketing Board welcomed the reduction in tonnage to be shipped to the UK. The Board felt plans for more orderly marketing by the new organisation was a step in the right direction, and said that shipments ending in mid-May should not clash with home-grown early production coming on to the market.

The NFU said it was some consolation that shipments would be reduced, and hoped that the quality of the imports would be high enough to maintain prices.

## German dispute may sour EEC fish talks

BY LARRY KLINGER IN BRUSSELS

WEST GERMAN insistence that action be taken on the recently agreed Europe-Canada fishing pact is one of several issues that threaten to sour today's talks in Brussels aimed at establishing an EEC Common Fisheries Policy.

West Germany, which has the only remaining sizeable EEC distant-water fleet, cannot fish in Canadian waters until the Council of Ministers ratifies the agreement concluded towards the end of the year by the European Commission and Canada.

The Council of Fisheries Ministers, who will today resume the common-policy talks which ended in deadlock last month, will be asked to take quick action on the issue. The West Germans, whose distant-water fleet remains tied up in German harbours, say that they need to catch 80,000 to 100,000 tonnes of fish this year outside EEC waters if the fleet is to remain profitable.

Most of this would come from Canadian waters, where, the Germans say, they must start fishing by the end of next month if they are not to be halted by winter ice.

The British, who feel that the reciprocal tariff reductions agreed for Canadian frozen fish market, are also unhappy with products will depress their home the rights conferred by the agreement for Greenland to catch a greater number of salmon at sea. The Irish also oppose the Greenland salmon quota.

Salmon is a joint Europe-Canada stock, because the young fish feed off Greenland and then return to Canada, Britain and Ireland to spawn, or be caught there.

The other main issues that could bring a halt to the talks are the long-standing problems concerning common quotas and "access."

On the first, Denmark is believed to be prepared to take an uncompromising stand, unwilling to allow any "discounting" against the edible fish caught "accidentally" in Danish industrial trawling for the "trash" species that are ground into meal.

The Danish position has also been hardened by reports that some West German distant-water boats have been fishing east of Greenland in waters traditionally reserved for Denmark.

On the question of access, there is little indication that the French and the British have changed their views. The French will still be seeking to retain all their historic rights, and possibly win new rights, in Britain's coastal waters. The British will be seeking to end these coastal rights, with a few exceptions, and to obtain lasting preferential zones in wider areas of the North Sea.

Even if tempers can be controlled on the more contentious issues there seems little prospect that any real progress will be made at today's session towards final agreement on a Common Fisheries Policy. The Council will have a new President, Mr. Gerrit Bracks of the Netherlands, and be dealing with a new Commissioner, Mr. Georges Kontogeorgis of Greece.

Moreover, the Council will be faced with a complete set of new figures on which to build different proposals for the EEC fisheries share-out. The Commission has produced figures based on the 1981 Total Allowable Catch (TAC), which is slightly larger overall than the 1980 figures the Council was dealing with. There are also changes for the seven main species under discussion, which will in turn affect the catch in the various zones of EEC waters.

The British Fishing Federation said last night that according to its calculations, the new proposal gave Britain "a worthwhile gain" to 38.01 per cent of the total catch from 36.07 per cent proposed at the December Council meeting. "We expect our Minister to hold on to this gain," a BFF official said.

## Sugar output forecast cut

By Our Commodities Staff

INFLUENTIAL sugar statistician F. O. Licht has reduced his 1980-81 world sugar output forecast.

In his second estimate, published yesterday, he puts the total at 86.52m tones compared with 87.04m in his first estimate in October. The EEC figure (including Greece) is raised to 12.98m tonnes from 12.77. The Cuban figure is also slightly higher at around 6m tonnes but the Soviet Union's is down to 7.4m from 7.6m.

Total beet production is estimated at 33m tonnes, down from 33.48m predicted in October, while the cane production estimate is cut to 53.5m tonnes from 53.57m.

London sugar dealers said the reduced forecast was "only mildly constructive"

On the London futures market May delivery raw sugar ended the day £4.525 up at £284.025 a tonne.

Prices on other "soft" (no-metal) markets were generally lower depressed by the fall in gold encouraging speculative selling.

Natural rubber values dropped to the lowest levels for two years. Poor demand, especially from the tyre industry, continues to put pressure on the market. The R.S.S. No. 1 spot quotation lost a further 1.5p to 54p a kilo.

## EEC levy adds £2m a week to UK food bill

BY RICHARD MOONEY

BRITISH FOOD importers will pay out a record £2m in EEC levies this week. If the pound remains strong, the import tax bill could go even higher.

The levies, payable under the monetary compensatory amount (MCA) system, result from the widening gap between the value of sterling and that of the Green Pound — the artificial exchange rate at which EEC farm prices are translated into the national currency.

In line with the rise in sterling the basic MCA rate rose to 15.1 per cent yesterday based on last Tuesday's exchange rates. But the pound has risen still further since then, and unless values fall today, the MCA rate from next Monday could rise to 16.3 per cent or more. The rate only moves in steps of 1 per cent or more, however, so a sharp fall on the exchange markets today could result in the MCAs still remaining at 15.1 per cent.

Nearly half this week's levy payments will be on bacon imports which will attract a 6.7p a lb tax. On butter it will be 12.36p a lb: on cheddar cheese 9.5p a lb; on canned ham and shoulders 12.85p a lb; and on lard 1.68p a lb.

Dr. Bill Roberts, head of public affairs at the Consumers' Association, last night painted an even blacker picture of the effects of MCAs on British food prices. He told students at Oxford University the total cost, including the indirect effects on the prices of imported prepared and processed foods, amounted to "between £1.5m and £2m every day."

Mr. Peter Walker, the Agriculture Minister, has come under increasing pressure from importers and consumer groups to bring the value of the Green Pound back into line with sterling and so do away with the levies. But he has been under equal pressure from British farmers to leave things as they are and so far the farmers view has carried the day.

Mr. Richard Butler, president of the National Farmers' Union (NFU), last week dismissed the assertion that revaluation of the Green Pound would bring down UK food prices as an over-simplification. He said such a move would do serious damage to the agricultural industry but "would be highly unlikely to noticeably reduce the cost of food to the consumer."

His own belief was that very little benefit would accrue to British consumers because cost reductions were more likely to be reflected in the prices received by producers in other countries for their exports to Britain.

In the longer term the disappearance of positive MCAs would do serious detriment not only to agriculture and related industries but also to the consuming public, he declared.

The farming industry appears to have altered its view on the relationship of MCAs to retail food prices since the days when the pound was very weak and they were operating as import subsidies. Then the NFU was constantly campaigning for the Labour Farm Minister, Mr. John Silkin, to revalue the Green Pound.

It claimed the high negative MCAs allowed imported food to compete at unfairly low prices with home production.

Mr. Eric Coombs, managing director of Butterdane, said at the week-end that the price of Danish butter in Britain would be reduced by the full amount if the MCA barrier was removed. "Along with other butter suppliers we could reduce our prices immediately to allow housewives to take advantage of the strength of the pound," he said.

Denmark had consistently kept the Green Krone in line with the commercial rate, he noted.

Mr. Coombs warned that a further price rise resulting from the ending of the 13p a pound EEC subsidy on British butter sales could do irreparable harm to the UK market.

"There is talk of a draft EEC Commission proposal suggesting that the subsidy be eliminated because it is not increasing consumption," he said. "We feel strongly that the subsidy has helped to bolster sales in a very difficult time for butter on the British market.

## Japan continues coastal whaling

TOKYO—Japan will continue to hunt whales in coastal waters with catcher boats based along the Japanese coast, but has followed an International Whaling Commission (IWC) moratorium on whale hunting in the North Pacific with mother ships and catcher boats, the Japanese Whaling Association, said.

The Association said Japan is abiding by the IWC moratorium after the Soviet Union said this week it suspended whaling in the North Pacific more than a year ago.

He said South Korea will also continue to kill whales with catcher boats, in line with IWC quotas for the North Pacific.

Both Japan and the Soviet Union, the two biggest whaling countries, use one mother ship each in the Antarctic and have an IWC-endorsed ceiling there of 3,120 minke whales each. The two fleets will end the cull on about March 10.

Reuter

## Copper market gloom

BY OUR COMMODITIES STAFF

THE DECLINE in gold, and an early return to work on the Zambian copperbelt, cast an air of gloom over the copper market yesterday. Cash wirebars fell by £8.75 to £755 a tonne, breaking through the previous lows in December back to November 1978.

As expected LME warehouse stocks of copper rose by 400 tonnes to 123,050 tonnes. But the main influence was the fall in gold emphasising speculators' fears about a rise in U.S. interest rates.

It was confirmed that miners, who brought the Zambian copper industry to a halt last week, returned to work yesterday. Since it was essentially a political stoppage, the strike had not been expected to last long.

A rise in tin stocks, of 520 tonnes, increasing total LME warehouse holdings to 6,840 tonnes, was less than expected and helped stabilise prices. However, a fall in Penang over the weekend and the influence of gold and other metals, kept the market under pressure and cash tin closed £30 down at £7,300 a tonne. Another fall in LME lead stocks — down by 2,025 to 69,625 tonnes, failed to prevent lead prices falling too. Cash lead lost £6.75 to £273.75 a tonne. Like tin, lead is at the lowest level since early 1978.

Aluminium stocks also fell, by 1,950 to 57,050 tonnes, but the market lost ground as well. The cash price was £6.5 down at £576 a tonne and three months quotation finally moved below £600 declining by £7 to £596.

Zinc stocks rose by 1,125 to 91,500 tonnes; nickel by 24 to 4,200; and LME silver holdings increased by 60,000 to 26,400,000 ounces.

## Pledge on forestry sales

By Ivor Owen

PRIVATE INTERESTS will not be allowed to "pillage" the Forestry Commission, when more of its land and plantations come on to the market as a result of the new disposals policy, Mr. George Younger, the Scottish Secretary assured the Commons last night.

He was moving the second reading of the Forestry Bill, which gives the Commission greater commercial freedom, with the object of reducing its calls for support, from the Exchequer.

Mr. Younger stressed that the Commission would be in full control of the disposals programme, and would decide its scale and location. "The rate of disposals will depend partly on market demand but also on the need to maintain coherent and effective management."

## Differences hamper jute pact talks

BY BRIJ KHINDARIA IN GENEVA

TALKS WERE aimed at creating an international jute organisation are likely to end inconclusively on Friday because of continuing differences among the main consumers and producers.

Delegates at the three-week conference have not yet succeeded in preparing a single draft text as a basis for negotiation. They are still discussing four separate texts—one from producers and one each from the European Community, Japan and the U.S.

The six exporting countries—Bangladesh, India, Thailand, Brazil, Burma and Nepal—have dropped earlier demands for an international pact immediately to stabilise jute prices through market intervention measures. But they are still arguing that the planned Jute Organisation should work towards creating such a pact at some later stage.

They say the proposed organisation should also take part in implementing schemes and projects that might result from research and development activities. This demand would in effect convert it into a development agency specialising in solving jute production problems, using money supplied by both consumers and producers.

Consumers do not want an independent organisation. They say it should be somehow linked to existing UN agencies, particularly the Rome-based Food and Agriculture Organisation (FAO) which has given big technical help to jute producers in the past.

Acceptance of the consumers' view would reduce the Jute Organisation to a tiny secretariat with a small budget which would specialise in co-ordinating activities by outside groups.

UN experts, some of whom are advising the producer countries, seem to think that the danger to natural jute from synthetic oil-based substitutes is waning. They argue that following intense activity in developing jute substitutes by companies such as Du Pont in the mid-1970s, synthetics manufacturers have decided that trying to dislodge jute will be too costly.

These experts claim the companies deliberately sold synthetic jute substitutes below cost or at razor-thin profit margins for about five years up to about 1978.

The doubling of real oil prices in 1979 and further cost increases in the conversion process have now made companies realise that making jute substitutes will continue to be a drain on profits, these experts say.

One result has been to strengthen the hands of negotiators from jute producing countries who now foresee firmer demand for their products and are keen to quickly acquire expensive cost-cutting technology to reduce the market share of jute substitutes. In some cases such sub-

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Lost ground on the London Metal Exchange following the renewed weakness of gold. Three months opened at £783 and drifted to £773 by the afternoon when short covering prompted a rally which left the price at £779 on the late kerb. Turnover 13,450 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 753.5-4 | —18½ | 754-6 | —8.75 |
| 3 months | 776-.6 | —15½ | 777-8 | —8.25 |
| Settlem't | 754 | —16.5 | — | |
| Cathodes | | | | |
| Cash | 745-.5 | —18½ | 748-9 | —7.5 |
| 3 months | 762-3 | —17½ | 765-6 | —9 |
| Settlem't | 745.5 | —18.5 | — | ...... |
| U.S. Prod | — | | *88.31 | ...... |

*Amalgamated Metal Trading reported* that in the morning cash wirebars traded at £754, three months £777, 78, 77.5, 78, 77.5, 77, 76.5. Cathodes, cash £743, three months £762.5. Kerb: Wirebars, three months £777, 76.5, 76, 75, 75.5. Afternoon: Wirebars, three months £775, 74, 74.5, 74, 73, 73.5, 74, 74.5, 76, 76.5, 77. Kerb: Wirebars, three months £776, 77, 76.5, 76, 77, 78, 80, 81, 80, 779.

TIN—Easier as the weakness of gold and copper saw three months decline to £5,830 before a rally, encouraged by the lower than expected stocks rise, left forward metal at £5,860 on the afternoon kerb. Turnover 505 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 5680-5 | —52.5 | 5695-705 | —30 |
| 3 months | 5850-5 | —52.5 | 5860-5 | —32.5 |
| Settlem't | 5685 | —65 | — | ...... |
| Standard | | | | |
| Cash | 5680-5 | —52.5 | 5695-705 | —30 |
| 3 months | 5850-5 | —52.5 | 5860-5 | —32.5 |
| Settlem't | 5685 | —65 | — | ...... |
| Straits E. | $530.24 | —0.21 | — | ...... |
| New York | — | ...... | | |

Morning: Standard, cash £5,675, 80, three months £5,850, 40, 45, 50. Kerb: Standard, three months £5,860. Afternoon: Standard, three months £5,855, 60, 65.

LEAD—Lost ground in sympathy with copper. Forward metal drifted to £285 at which level good support and bear covering was reported. This prompted a rally to £289 prior to a close of £286 on the late kerb. Turnover 7,450 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 277-8 | —5.25 | 273-4.5 | —6.75 |
| 3 months | 288.5-9 | —3 | 285.5-6.5 | —5⅛ |
| S'ment | 278 | —3 | — | ...... |
| U.S. Spot | — | ...... | *34-7 | ...... |

Morning: Three months £288.87, 76.5, 88, 88.5, 89.5, 89. Kerb: Three months £288.5, 88, 87.5. Afternoon: three months £286, 85, 85.5, 86, 85.5, 86. Kerb: Three months £287, 86.5, 87.

ZINC—Gave ground owing to the general decline in other metal prices. Forward metal dipped to around the £320 level in the morning but subsequently met support which lifted the price to close the late kerb at £321.5. Turnover 4,175 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 310.5-1 | —6 | 309-10 | —4 |
| 3 months | 322-.5 | —6.5 | 321.5-2 | —5.75 |
| S'ment | 311 | —6 | — | ... |
| Primw'ts | — | ...... | *41.5 | ... |

Morning: Cash £310, 11, three months £324, 25, 25.5, 25, 24, 23, 22, 21, 22. Kerb: Three months £321, 21.5, 21. Afternoon: Three months £320. Kerb: Three months £321.5, 21.

ALUMINIUM—Marginally lower with forward metal finally quoted at £597.5 on the late kerb. Turnover 7,175 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 577-8 | —8.5 | 575.5-6.5 | —8.5 |
| 3 months | 598.5-9 | —7.75 | 596-.5 | —7 |

Morning: Three months £600, 599. Kerb: Three months £598, 98.5, 98. Afternoon: Three months £596, 95.5, 96, 97, 96.5. Kerb: Three months £596.5, 97, 97.5.

NICKEL—Edged higher as light fresh buying in the afternoon rings lifted forward metal to £2,585 by the close of the late kerb. Turnover 258 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 2585-600 | ...... | 2605-15 | +25 |
| 3 months | 2555-65 | —7.5 | 2575-80 | +12.5 |

Morning: Three months £2,550, 55, 60. Afternoon: Three months £2,560. Kerb: Three months £2,590, 85.

* Cents per pound. FMS per kilo.
† On previous unofficial close.



## SILVER

Silver was fixed 34.2p an ounce lower for spot delivery in the London bullion market yesterday at 556.40p. U.S. equivalents of the fixing levels were: spot $13.4, down 81c: three-month $14.01, down 84.5c; six-month $14.574, down 90c; and 12-month $15.72, down 83.6c. The metal opened at 565p-574p ($13.65-$13.85) and closed at the same level, after touching a low of $13.15-$13.30.

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 556.40p | —34.2 | 568.5p | —34.5 |
| 3 months | 574.90p | —35.3 | 577.0p | —35.5 |
| 6 months | 593.90p | —38.4 | — | ...... |
| 12months | 636.80p | —34 | — | ...... |

LME—Turnover: 165 (146) lots of 10,000 ounces. Morning: three months 580, 81, 80, 79, 75, 74.5, 75.5, 76. Kerb: three months 575.5, 78, 77. Afternoon: three months 583, 85, 83, 81, 80, 79, 78, 77. Kerb: three months 577, 80, 82, 81, 82.

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 322 tonnes. Substantial demand continued in most sections, with considerable interest displayed in various American-type growths. Additional orders were booked in African and South American styles, and trading was sustained in Middle Eastern qualities.

## COCOA

Cocoa futures traded throughout a featureless day within a narrow range to close at levels marginally lower than those of last week. Physical business was scarce with modest offerings from producers being matched by small amounts of offtake among consumers, reports Gill and Duffus.

| COCOA | Yes'rday's Close | + or — | Business Done |
|---|---|---|---|
| March | 839-840 | —3.0 | 841-837 |
| May | 866-867 | —2.0 | 868-852 |
| July | 891-892 | ......... | 892-887 |
| Sept | 911-912 | —2.0 | 913-909 |
| Dec | 941-943 | —2.5 | 945-940 |
| March | 965-967 | —1.50 | 970-965 |
| May | 986-988 | —0.50 | 989-985 |

Sales: 2,723 (2,310) lots of 10 tonnes.

## COFFEE

ICCO Futures—Daily price for Jan. 23 93.80 (93.54): 10-day average 94.91 (95.06); 15-day average 95.37 (95.59).

*Prices tumbled to six week lows as* long liquidation and heavy trade selling induced expected losses of £10-£20 on the opening, reports Drexel Burnham Lambert. The decline attracted an increase in both volume and activity during the opening, but another quiet session developed as the market consolidated in a narrow range. Stop-loss selling towards the close triggered further losses.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| January | 970-975 | —29.5 | 990-975 |
| March | 992-993 | —30.0 | 1007-92 |
| May | 1003-05 | —26.5 | 1020-03 |
| July | 1018-20 | —23.5 | 1052-17 |
| Sept | 1030-33 | —19.0 | 1044-30 |
| Nov | 1030-50 | —17.5 | 1040 |
| Jan. | 1035-65 | —32.5 | — |

Sales: 2,508 (1,146) lots of 5 tonnes.

ICO Indicator prices for January 23 (U.S. cents per pound): Other Mild Arabicas 124.50 (127.50): Robustas ICA 1976 120.25 (122.00); ICA 1968 120.50 (122.25). Unwashed Arabicas 223.00 (same). Comp. daily ICA 1968 unquoted.

## GRAINS

LONDON GRAIN FUTURES—Wheat and barley values eased initially on selling pressure from trade and country sources, and wheat fell further in the afternoon. Some short-covering steadied values slightly to close 70p-75p lower on the day. Barley values held firmer due to lack of sellers at lower levels and finished 50p-55p down on the day. New crops saw continued hedge selling pressure and closed the day 35p-40p down on wheat and 30p-35p down on barley in quiet trading, reports Acli.

| M'nth | WHEAT Yesterd'ys close | + or — | BARLEY Yesterday close | + or — |
|---|---|---|---|---|
| Mar. | 107.95 | —0.70 | 98.55 | —0.50 |
| May | 112.10 | —0.70 | 102.25 | —0.55 |
| July | 116.00 | —0.75 | — | ...... |
| Sept. | 100.15 | —0.40 | 95.05 | —0.50 |
| Nov. | 104.10 | —0.55 | 98.90 | —0.55 |

Business done—Wheat: March 108.75-107.95, May 112.95-112.00, July 116.65-116.00, Sept. 100.50-100.15, Nov. 104.50-104.10. Sales 196 lots of 100 tonnes. Barley: March 99.10-98.40, May 102.90-102.20, July no trade, Sept. 95.20-95.00, Nov. no trade. Sales 67 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern spring No. 2 14 per cent Feb. 107.50, March 108.00 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Feb 102.25, March 102.75 trans shipment East Coast seller. English Feed fob Feb. 110.00, March 112.00 East Coast sellers. Maize: French Jan 121.00, Feb 122.50 East Coast sellers. S. African yellow Feb./March 89.50 sellers. Barley: English Feed fob Feb. 102.75, March 104.00, April/June 107.25 East Coast sellers. Rest unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat: Eastern 106.80, E. Midlands 107.50. Feed barley. Eastern 96.00, E. Midlands 96.30, N. East 97.00. Scotland 94.20. The UK Monetary Coefficient for the week beginning Monday, February 2 (based on HGCA calculations) using four days exchange rates) is expected to change to 0.839.

## RUBBER

The London physical market opened slightly easier, with little interest throughout the day, closing on a quiet note. Lewis and Peat reported an fob February price for No. 1 RSS in Kuala Lumpur of 302.25 (302.5) cents a kilogramme and SMR 20 at 255.5 (same) cents.

| No. 1 R.S.S. | Yest'rd'ys close | Previous close | Business Done |
|---|---|---|---|
| Feb. | 54.60-54.70 | 55.50-56.50 | 55.50-54.50 |
| Mar. | 56.30-56.40 | 56.60-57.00 | — |
| Apr-Jne | 58.50-58.70 | 59.00-59.20 | 59.10-58.60 |
| Jly-Sept | 61.50-61.90 | 62.50-62.40 | 62.50-61.60 |
| Oct-Dec | 64.80-64.90 | 65.30-65.40 | 65.10-64.60 |
| Jan-Mar | 67.20-67.30 | 68.30-68.40 | 68.50-67.80 |
| Apl-Jne | 70.80-70.90 | 71.20-71.40 | 71.30 |
| Jly-Sept | 73.80-73.90 | 74.20-74.40 | 74.00 |
| Oct-Dec | 76.80-76.90 | 77.10-77.40 | 76.90-76.50 |

Sales: 413 (416) at 15 tonnes, and 2 (3) at 5 tonnes. Physical closing prices (buyer) were: Spot 54.00p (55.50p). March 59.50p (59.75p). April 60.00p.

## SOYABEAN MEAL

The London market opened £2.00 down and continued to drift on commission house and trade selling, reports T. G. Roddick. Prices rallied from the lows during the afternoon and closed around £3.00 down.

| | Yest'rd'ys Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| February | 118.80-16.0 | —3.35 | 118.50-12.00 |
| April | 120.50-20.6 | —3.10 | 123.50-18.70 |
| June | 121.60-21.7 | —3.30 | 123.00-21.00 |
| August | 125.30-23.5 | —2.75 | 125.50-22.50 |
| October | 124.00-24.6 | —2.15 | 124.20 |
| December | 124.50-26.5 | —1.75 | 125.00 |
| February | 125.00-28.0 | —0.75 | — |

Sales. 362 (250) lots of 100 tonnes

## SUGAR

LONDON DAILY PRICE (raw sugar) £267.00 (£255.00) tonne cif for Jan.-Feb.-March shipments. White sugar daily price was £293.00 (£289.00).

The market opened some £7 below kerb levels following a sharp drop in the gold price and reports that Iran had declined substantial offers over the weekend. Thereafter quotations were confined within a £4 trading range throughout the day, reports C. Czarnikow

| No. 4 Contract | Yesterd'ys Close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Mar. | 284.25-84.50 | 280.00-80.50 | 284.00-80.50 |
| May | 284.80-85.25 | 280.00-81.00 | 285.50-81.00 |
| Aug | 279.00-79.50 | 275.00-75.50 | 287.50-75.00 |
| Oct | 274.25-74.50 | 271.00-71.75 | 285.00-72.00 |
| Jan | 264.00-66.00 | 249.00-59.00 | 257.00 |
| March | 255.75-54.75 | 252.00-54.00 | 261.00-53.00 |
| May | 250.00-52.00 | 251.00-54.00 | — |

Sales: 8,557 (9,740) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £355.50 (£346.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 23: Daily price 26.03 (24.90): 15-day average 28.22 (28.46).

## WOOL FUTURES

BRADFORD WOOL—Finer merino top prices were firmer, reflecting continuing business which was mopping up cheaper sellers and bringing the Bradford basis nearer to replacement costs.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Jan 348 buyer, nil, nil; March 358, 363, 358, 5; May 363, 367, nil, nil; Aug. 371, 376, 373-372, 2, Oct. 376, 380, nil, nil; Dec. 377, 384, 379-378, 2, Jan. 378, 386, 380-379, 2; March 382, 387, nil, nil; May 381, 389, nil, nil. Sales 11.

## PRICE CHANGES

| | Jan. 26 1981 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ........ | £810/815 |
| Free Mkt | $1400/1450 | —45 | $1450/470 |
| Copper | | | |
| Cash w'bar | £755 | —8.75 | £798 |
| 3 mths | £777.5 | —9.25 | £818.25 |
| Cash Cathode | £748.5 | —7.5 | £777 |
| 3 mths | £765.5 | —9 | £799.5 |
| Gold troy oz | $529.5 | —26 | $592.5 |
| Lead Cash | £273.75 | —6.75 | £315.5 |
| 3 mths | £286 | —5.125 | £324.5 |
| Nickel | £3 226.57 | ...... | £3,216* |
| Freemkt | 270/290c | —2.5 | 275/295c |
| Platin'mtr'y oz | £202 | ........ | £202 |
| Freemkt | £197.25 | —16.55 | £243.3 |
| Quicksilver† | $375/385 | +5 | $360/370 |
| Silver troy oz | 556.40p | —54.2 | 667.50p |
| 3 mths | 574.90p | —55.3 | 713.0p |
| Tin Cash | £5,700 | —30 | £6,200 |
| 3 mths | £5,862.5 | —52.5 | £6,314 |
| Tungsten22.04lb | $143.90 | ...... | $141.97 |
| Wolfrm 22.04 lbs | $147/150 | ...... | $140/143 |
| Zinc Cash | £309.5 | —4 | £325 |
| 3 mths | £321.75 | —3.75 | £337.5 |
| Producers | $823 | ...... | $823 |
| **Oils** | | | |
| Coconut (Phil) | $615x | ........ | $620 |
| Groundnut | : | | : |
| Linseed Crude | £412y | ........ | £450 |
| Palm Malayan | $610z | —10 | $625 |
| **Seeds** | | | |
| Copra Philip | $405y | | $430 |
| Soyabean(U.S.) | $303y | —8 | $327 |
| **Grains** | | | |
| Barley Futures | £102.25 | —0.55 | £98.70 |
| Maize | | | |
| French | £121 | ........ | : |
| Wheat | | | |
| No 1 Red Spg | : | | : |
| No2 HardWint | £105.75y | —1.25 | £106.25 |
| Eng. Milling† | : | ........ | : |
| **Other commodities** | | | |
| Cocoa ship't | £925 | —3 | £985 |
| Future May | £866.5 | —2 | £909.5 |
| CoffeeF't Mar. | £992.5 | —30 | £1042.5 |
| Cotton A.Index | 93.50c | —1.05 | 100.3c |
| Rubber (kilo) | 54p | —1.5 | 57.25p |
| Sugar (Raw) | £267.00 | +12 | £305 |
| Woolt'ps 64s kl. | 304p kilo | +5 | 267p kilo |

† Unquoted. w March. y Feb. x Jan.-Feb. u Feb.-March. † April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

## TEA AUCTION

LONDON TEA AUCTION—50,250 packages were offered. Brighter assams were firm to dearer others sometimes lower. Sylets often gained 4p to 8p. Bright Africans were firm, mediums and plainer teas were 2p to 4p dearer. Dusts were a strong and dearer feature. Ceylons were irregularly dearer. Quotations.—Quality 116p per kilo (121p): Medium 100p (98p): Plain 65p (62p).

## POTATOES

LONDON POTATO FUTURES—Fresh selling of April triggered some stop-loss orders, which forced prices to over £3 down before profit-taking stabilised the market and raised values a little towards the close. February was more active than lately, with book-squaring before the tender period in two weeks, reports Coley and Harper. Closing prices: Feb. 45.00 —140 (high 46.10, low 45.00); April 57.20 —250 (high 59.00, low 56.50); Nov. 53.30 —50 (high 54.00, low 53.40). Turnover: 350 (154) lots of 40 tonnes.

## MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 70.3 to 73.6; Eire hindquarters 78.0 to 82.0, forequarters 55.0 to 57.5. Veal: Dutch hinds and ends 107.0 to 110.0. Lamb: English small 59.2 to 66.6, medium 58.8 to 64.5, heavy 53.5 to 61.7: Imported frozen: NZ pl 55.0 to 56.0, pm 54.0 to 55.0. Pork: English, under 100 lbs 42.0 to 49.0, 100-120 lbs 41.0 to 48.0, 120-160 lbs 38.0 to 46.0. Partridges: Young (each) 150.0 to 150.0. Pheasants: Best (per brace) 350.0 to 460.0, medium (each) 120.0 to 140.0.

MEAT COMMISSION—Average fatstock prices at representative markets on January 26. GB cattle 84.44p per kg lw (—0.71). UK sheep 139.72p per kg est dcw (+2.32). GB pigs 66.06p per kg lw (+1.00).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.20-5.05; Spania: Navelinas 48/54 4.60, 60 4.60, 70 4.00, 80/90 3.80, 100/110/120 3.70; Moroccan: Hamlins 88/110 3.50-3.60, Navels 48 4.80, 56 4.60, 64 4.40, 75 4.20, 88 4.00, 100 3.80; Cyprus: Shamoutis 15-kg 42/112 3.50. Sours—Seville: 6.30-6.50. Lemons—Spania: Trays 25/54 2.40-2.60; Cyprus: 10-kg 4.00-4.50; Egyptians: 2.20; Greek: 2.60. Italian: 100/120 4.00-4.50; S. African: 80/100 6.50-7.00; Californian: 95/140 6.80-7.20; Jaffa: 105/125 6.00-6.20. Grapefruit—Cyprus: 20-kg 40/64 3.20-4.20; Jaffa: 20-kg 36 4.45, 40 4.50, 48 4.65, 56 4.30, 64 3.95, 75 3.65; Egyptian: 15-kg 1.80-2.00. Satsumas—Spania: 90/105/126 3.00, 144 2.80, 154 2.60, 168 2.40, 192 2.20. Clementines—Moroccan: 3s 3.20, 4s 3.00, 5s 2.80, 6s 2.60. Apples—French: Starkcrimson 40-lb 4.20-5.20, Golden Delicious 20-lb 72 2.50, 84 2.25, 40-lb 125/175 4.50-5.50, Granny Smith 40-lb 4.80-5.80, 20-lb 72 3.00, 84 2.40; Italian: 40-lb Romes 60/70 4.00; Hungarian: Starking 44-lb 5.50; Canadian: Red Delicious 160/180 7.50-8.00; McIntosh Red 160/180 6.00; U.S.: Red Delicious 8.00-9.00; Belgian: 28-lb, per pound Cox's 0.10-0.12.

*

GRIMSBY FISH—Supply fair, demand moderate. Prices at ship's side (unprocessed) per stone: Shell cod £3.00-£4.00, codlings £1.20-£3.00. Large haddock £5.20-£5.90, medium £3.50-£4.10, small £1.20-£2.70. Skinned dogfish large £11.50 medium £8.50-£9.50. Lemon soles large £15.00, medium £10.50. Rockfish £3.10. Saithe £2.60-£3.40.

# AMERICAN MARKETS

NEW YORK, January 26.

PRECIOUS METALS collapsed due to a very strong dollar, weak foreign currencies and technical selling. Copper found light support from dealers and finished moderately lower after heavy early losses. Profit-taking in sugar moved prices slightly lower. Coffee declined sharply on lack of dealer support and commission house selling. Cocoa was featureless in a drifting market. Low export sales for the previous week brought aggressive selling into the cotton market. The entire livestock complex finished moderately higher in anticipation of a turnaround in the cash markets. A late recovery in grains and soyabeans left the markets with moderate gains, reported Heinold.

Potatoes (round whites) — March 135.7-135.8 (140.7). April 160.2 (165.2). Nov. 87.0.

¶Silver—Jan. 1330.0-1335.0 (1431.5). Feb. 1323.5 (1438.5), March 1407.0, May 1451.0, July 1494.0, Sept. 1536.5, Dec. 1596.5, Jan. 1619.5, March 1661.5, May 1703.5, July 1745.5, Sept. 1787.5. Handy and Harman bullion spot 1343.0 (1427.0).

Tin—635.0-645.0 (642.0-648.0).

CHICAGO, January 26.

Lard—Chicago loose 20.00 (same).

Live Cattle—Feb. 62.75-62.60 (63.10), April 66.50-66.90 (66.42), June 62.70-69.50, Aug. 70.10-70.00, Oct. 68.92, Dec. 70.40, Feb. 70.25.

Live Hogs—Feb. 45.85-45.65 (46.30). April 47.70-47.65 (47.57), June 52.40-52.50, July 53.90-53.80, Aug. 53.20, Oct 52.10, Dec. 54.07, Feb. 55.70, April 55.80.

Pork Bellies—Feb. 56.00-56.15 (54.45), March 57.10-57.25 (55.30), May 59.07 July 60.60-60.70, Aug. 59.75, Feb —.

Silver—Jan. 1345.0 (1420.0). Feb. 1362.0 (1422.0), March 1400.0, April 1420.0, June 1463.0, Aug. 1506.0, Oct 1549.0, Dec. 1592.0, Feb. 1635.0, April 1678.0, June 1721.0, Aug. 1764.0, Oct. 1807.0, April 1936.0, June 1979.0.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

†Soyabeans—March 730-734 (724). May 758-761 (751). July 780-781, Aug 790-792, Sept. 791, Nov. 812, Jan. 827½-828, March 849.

WINNIPEG, January 26. §Barley—March 152.50 (152.50), May 153.70 July 154.50, Oct. 155.50, Dec 155.2?.

||Soyabean Meal—March 213.5-214.3 (212.3), May 224.0-225.0 (220.2). July 229.5-230.0, Aug. 232.0-232.5, Sept. 234.5, Oct. 235.0, Dec. 235.0-235.5, Jan. 236.0-238.0, March —, May —.

Soyabean Oil—March 23.20-23.25 (23.07), May 24.10-24.05 (23.94). July 24.90-24.95, Aug. 25.15, Sept. 25.40, Oct. 25.70, Dec. 26.30-26.20, Jan. 26.30-26.35, March 26.50-26.60, May —.

†Wheat—March 478½-479 (470¾), May 487-486 (480½). July 477-476, Sept. 490½, Dec. 513-514, March —.

# EUROPEAN MARKETS

ROTTERDAM, January 26.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Jan. $231, Feb. $227, March $228, April $230, May $232. U.S. No Two Red Winter Feb. $216, March $218, April $222. U.S. No Two Northern Spring 14 per cent Feb. $238, March $238, April/May $218, May $217, June $220.

Maize—Spot $173.50, afl $173. Jan. $173, Feb. $171.50, March $171, April/June $176.50, July/Sept. $179, Oct./Dec. $174.50, Jan./March $187.

Soyabeans—U.S. Two Yellow Gulfports afl $292, Feb. $296.50, March $300.75, April $307, May $311, June $317.75, July $320.50, Aug. $323.50, Sept. $324.75, Oct. $328, Nov. $328, Dec. $334.75. Argentine/Brazil/Gulf/Paraguay May $311.50, June $312.50, July $313.50 sellers.

Soyameal—44 per cent protein U.S. afl $266.50/$265.50, Feb. $259/$267 traded, Jan. $266, Feb. $267, March $274, April $276, April/Sept. $287, Nov./March $303. Brazil Pellets afl Jan. $280, Feb $292, March $293, April $288, April/Sept. $295.50 sellers.

PARIS, January 26.

Cocoa (FFr per 100 kilos)—March 920/930, May 950/970, July 980, Sept. 1010/1025, Dec. 1050/1060, March 1075/1095. Sales at call 0.

Sugar (FFr per tonne)—March 2360/2381, May 3323/3340, July 3290/3300, Aug. 3270/3280, Oct 3120/2150, Nov unquoted, Dec. 2880/2970. March 2320/2910. Sales at call 22.

## INDICES

### FINANCIAL TIMES

| Jan. 26 | Jan. 22 | Month ago | Year ago |
|---|---|---|---|
| 252.08 | 254.02 | — | 304.18 |

(Base: July 1, 1952=100).

### MOODY'S

| Jan. 23 | Jan. 22 | Month ago | Year ago |
|---|---|---|---|
| 1176.5 | 1188.6 | 1241.3 | 1413.5 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Jan. 23 | Jan. 22 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 424.29 | 430.15 | 444.14 | 434.54 |
| Fut'rs | 444.16 | 450.52 | 467.08 | 441.45 |

(Average 1924-25-26=100)

### REUTERS

| Jan. 26 | Jan. 23 | M'nth ago | Year ago |
|---|---|---|---|
| 1679.2 | 1684.4 | 1736.1 | 1789.1 |

(Base: September 18, 1931=100)

# LONDON STOCK EXCHANGE

# Account begins on contrasting note with equities up but Golds sharply lower again and Gilts uncertain

**Account Dealing Dates**

*Option*

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jan. 12 | Jan. 22 | Jan. 23 | Feb. 2 |
| Jan. 26 | Feb. 5 | Feb. 6 | Feb. 16 |
| Feb. 9 | Feb. 26 | Feb. 27 | Mar. 9 |

* "New time" dealings may take place from 9 am two business days earlier.

The start of the new trading Account was notable for sharply contrasting trends in London stock Markets. A return of confidence about lower inflation and interest rates encouraged selective institutional support of equities, some of which staged *useful gains. On the other hand.* South African Golds tumbled in the wake of the bullion price and recently-firm Gilt-edged securities *became concerned* again about the Government's funding needs, the latter being underlined by last Friday's announcement of the innovative £1bn convertible tap stock issue.

**GEC** and **Plessey** benefited from a broker's recommendation and the better tone set by these spilled over into other Electricals. More trade developed in the Oil sector, which also turned higher, and investment funds were again being committed to a range of secondary industrials. A number of leading shares were still being ignored, however, and improved only on the back of the general advance.

The progressive nature of the day's trend was well illustrated by the FT Industrial Ordinary share index which extended a 10 am rise of only 1.9 to a final gain of 8.2 — the biggest day's advance since November 21 last —to 463.9.

Investment incentive in British Funds was dampened by the prospect of the extra stock coming onto the market via the £1bn issue of **Exchequer Convertible** 12 per cent 1985, of which £40 is payable on Wednesday at a minimum tender price of £97. Activity on the part of small private investors faded quite markedly. Selling was relatively light, but the market failed *to sustain attempted rallies and* quotations closed near the day's lowest with losses extending to ⅝.

Last week's slide in South African Gold shares gathered momentum as widespread selling accompanied the fall in the bullion price to its lowest since last May. Heavyweight stocks incurred losses ranging to £4 and the FT Gold Mines index dropped 37.6 more to 287.8; since the turn of the year, this measure has fallen by almost 30 per cent and is nearing its 1980 low of 265.5.

Scattered selling found recent support lacking and **Zimbabwe Settlement Annuities** reacted to close 22 points down at £355. *Southern Rhodesian bonds* were also affected and 2½ per cent 1965/70 non-assented came back 4 points to £120.

*Chinese bonds, on the other* hand, benefited from small demand and 5 per cent 1912 moved up 3 points to £21; 5 per *cent* 1913 *gained* 1½ points to £16½.

Another disappointing session in Traded options resulted in 665 contracts being completed—just over half of last week's daily average of 1,124, although the latter was boosted by the expiration of the January series. **Lonrho** remained well to the fore, contributing 130 deals, while 105 trades were done in **ICI**, with the April 330's accounting for 100.

**Parkfield Foundries** made a satisfactory debut on the Unlisted Securities Market; from an opening level of 12p, the shares touched 14p before closing at 13½p.

## Insurances firm

Still reflecting a broker's circular, Life Insurances made fresh progress. **Legal and General** were well to the fore, rising 4 afresh to 216p, while **Pearl** firmed 6 to 422p. Composites also made progress, but closing levels were usually below the best. **Sun Alliance** closed 8 dearer at 700p, after 710p, while **Guardian Royal Exchange** settled at 300p, up 6, after 304p. **Eagle Star** held a gain of 9 at 248p.

The major clearing banks barely stirred, but selected *Merchant Banks went better.* **Hambros** improving 20 to 585p and **Arbuthnot Latham** advancing 17 to a 1980/81 peak of 300p.

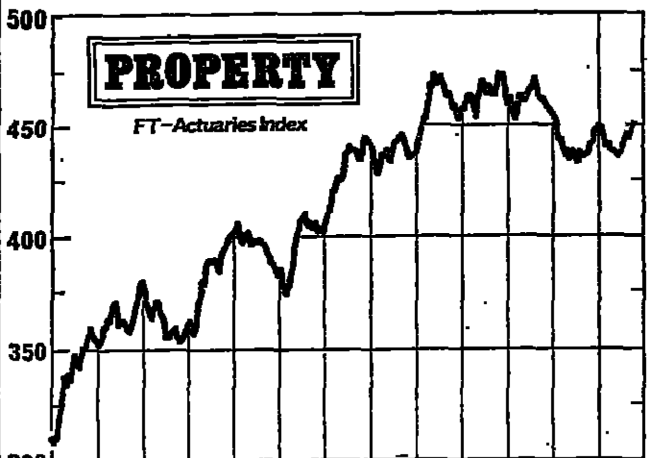
*A broker's favourable circular* and the presence of institutional buyers prompted a firmer tone in the drinks sector. **Bass** were out*standing at 199p, up 5, while* gains of 2 were common to **Whitbread**, 146p, and **Scottish and Newcastle**, 61½p. Wines and Spirits also displayed useful rises with **Distillers**, 187p, and **Arthur Bell**, 164p adding 3 and 4 respectively.

Gains in leading Buildings were sometimes exaggerated by stock shortages. **BPB** remained a particularly firm market and rose 9 afresh to 240p, while **Blue Circle** improved 6 to 344p. Publicity given to a broker's circular lifted **Ready Mixed Concrete** 7 to 170p, while **Tunnel B** put on 8 to 256p following favourable Press comment. Elsewhere, ...**Burt Boulton**, down 20 on Friday on reduced interim profits and dividend, rallied 10 to 160p. **John Carr (Doncaster)** were quoted 4 up at 47p ex the scrip *issue.*

Business in **ICI** was subdued, but the price improved 4 to 288p.

## Burton advance

Stores opened the new Account on a firm note in quiet trading. Among the leaders, **Burton** attracted sizeable call options and advanced 11 to 108p, while others to make progress included **Gussies A**, 8 better at 465p. Revived speculative demand helped **Heelamat**, 97p, and **Kean and Scott**, 42p, up 4 and 2 respectively, while favour*able Press comment left* **John Menzies** 7 up at 287p. **Austin Reed A**, on the other hand, met profit-taking and ended 2 lower *at 66p.*




*Electricals* staged a useful revival. Helped by a broker's favourable circular, **GEC** pushed ahead to close 15 higher at 595p and **Plessey** gained 5 to 272p. Awaiting the interim results, due on Thursday, **Racal** touched 317p before settling at 315p for a rise of 9. **Ferranti**, 475p, and **Kode**, 253p, improved 15 and 13 respectively, while **United Scientific** gained 7 to 300p. Revived bid hopes lifted **Muirhead** 8 to 78p.

Occasional support ahead of Friday's preliminary results prompted firmness in **John Brown** which closed 5 to the good at 61½p. Other leading Engineers also made progress, **Hawker** improving 6 to 244p and **GKN** 5 to 142p. Late support lifted **Matthew Hall** 8 to 321p, while **Hallite Holdings** responded to the increased interim profits with a rise of 2 at 114p. Press comment on the bid situation left **Davy Corporation** 4 cheaper at 150p. **Astra Industrial** gained *a penny to 18½p xd on favourable* comment, but **Cooper Industries** closed a shade lower at 9½p on the half-year loss and the passing *of the interim* dividend.

Against the trend in quietly firm Foods, **Associated Dairies** shed 7 to 187p, after 184p, on nervous selling ahead of tomorrow's interim results. **Tate and Lyle** rose 6 more to 166p in continued response to the better-*than-expected preliminary* results. Among secondary issues, **Cullens** put on 8 to 174p and the **A** 14 to 170p on revived takeover *rumours*, while **Somportex**, in a thin market, touched 775p before closing another 40 higher at 780p. **British Vending** put on 1½ to 15½p in belated response to news that the company had sold its vending machine operation to Mars for £1m.

Still responding to last week's better-than-expected preliminary results, **Grand Metropolitan** added 4 more to 160p and **Trusthouse Forte** 5 to 199p. Elsewhere in Hotels and Caterers, **Wheeler's Restaurants** put on 40 to 330p in a thin market on vague takeover suggestions, while **Epicure** added 2½ to 27p following favourable Press comment.

## I. Barget up again

Leading miscellaneous industrials trended firmer with **Boots** noteworthy for a gain of 7 at 235p. **Reed International** hardened 3 to 184p in front of today's announcement of the third-quarter results. Elsewhere, continuing bid speculation left **I. Barget** up 25 more at 115p. Sporadic demand lifted **Myson** 4 to 32p. **Jacksons Bourne End** put on 8 to 133p, while **Highgate and Job** gained 4 to 42p and **Carlton Industries** put on 5 to 260p. By way of contrast, **Denbyware** came on offer and shed 4 to 75p. Dealings in **Renwick** were temporarily suspended at 77p at the company's request pending an announcement.

**Lucas** continued to react to last week's warning from the manage*ment of further redundancies* and cutbacks and the close was 4 lower at 164p.

**Associated Newspapers'** sur*prise bid for the majority hold*ing of **Bristol Evening Post** saw the latter touch 185p in the early business before a close of 60 up *on the day at 165p, or 30 below* the cash offer. Associated ended a penny up at 235p xd. Elsewhere, renewed interest was seen for **William Collins A** which rose 8 to 102p.

## Oils better

*Oil shares took a distinct turn* for the better yesterday, but there was no pick up from recent quiet trading conditions. **BP** advanced 12 to 404p in the leaders. **Candecca** made further progress at 214p, up 11, along with **Carless Capel**, which improved 9 more to 173p. **KCA**, 164p, and **Premier**, 95p, rose 7 apiece, while Press mention assisted a rise of 20 to 460p in **Sun (UK) Royalty**.

Among Financials, **Mercantile House** responded to satisfactory half-yearly results with a rise of 20 to 570p. **English Association** *edged up 9 more to 402p, but* **R. P. Martin** finished only a penny firmer at 148p, after 153p, following the announcement that talks with Bierbaum about a permanent relationship had been terminated.

## Heavy selling of Golds

Some welcome relief to the recently beleaguered Textile sector was provided by **Stroud Riley Drummond**, which rose 3 to 52p in response to the doubled first-half profits and dividend. **Scottish, English and European**, interim results due tomorrow, improved 6 to 66p, while Press comment aided **Parkland A**, 3 dearer at 40p.

Institutional support was evident for Tobaccos. **Bats** closed 8 to the good at 243p, while **Imperial** rose 2½ to 77½p; the latter announces annual results on February 12.

Speculative attention was again directed towards **Boustead**, 16 up at 128p. Elsewhere in selectively firm Rubbers, **Hidong** jumped 10 to 64p.

The recent slide in South African Gold shares gathered momentum as the bullion price fell a further $23 to $529.50 an ounce—its lowest since May last year.

The Gold Mines index dropped 37.6, or 11.5 per cent to 287.8 for a two-day fall of 65.2; since the beginning of the year, the index has declined by almost 30 per cent.

The sharemarket came under heavy pressure from the outset as sizeable selling from Johannesburg was followed by large-scale offerings from the Continent and London.

A number of attempts at a rally only served to bring out renewed selling and prices consequently fell sharply to close at the day's lowest.

In the heavyweights, losses ranged *to around £4 as in* **West Driefontein**, £26, **Western Holdings**, £26, **"Amgold,"** £35½, and **GFSA**, £26. The medium- and lower-priced issues showed **Durban Deep** 155 down at 770p, **Doornfontein** 122 off at 940p, **Libanon** 105 lower at 675p and **Grootvlei** 72 cheaper at 249p.

The heavy selling of Golds spilled over into Financials where **Gencor** slumped 100 to 650p, **Middle Wits** 75 to 675p and **Anglo American Corporation** 35 to 540p.

London Financials fell at the outset but staged a good rally later in the day. **Gold Fields** ended 5 off at 470p, after 465p, **Charter** lost 6 to 202p, after 190p and **RTZ** closed a net 3 cheaper at 392p, after 385p.

Platinums followed the pattern in Golds with **Impala** 23 off at 287p and **Rustenburg** 15 lower at 210p. In Diamonds, **De Beers** *gave up 26 to 340p.*

The absence of a lead from overnight Australian markets—closed for the ANZAC Day holi*day—prompted* a quiet day in Australians, although Golds were marked down following the weakness in the bullion price. **GMK** closed 30 lower at 355p and **Poseidon** 7 down at 247p.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1980-81 high | 1980-81 low |
|---|---|---|---|---|---|---|
| Ultramar | 25p | 7 | 482 | +10 | 533 | 206 |
| BP | 25p | 6 | 404 | +12 | 502 | 320 |
| Euro. Ferries | 25p | 6 | 146½ | — | 192 | 98 |
| GEC | 25p | 6 | 595 | +15 | 620 | 326 |
| ICI | £1 | 6 | 288 | + 4 | 402 | 282 |
| Land Securities | 50p | 6 | 378 | + 4 | 397 | 237 |
| Premier Cons. | 5p | 6 | 95 | + 7 | 127 | 36 |
| Royal Insurance | 25p | 6 | 351 | + 1 | 473½ | 300½ |
| BAT Inds. | 25p | 5 | 243 | + 8 | 295 | 223 |
| BOC Intl. | 25p | 5 | 113 | + 1 | 113 | 56 |
| Portals 9¼% Cnv. Uns. Ln. '94-2000 | Nil/pd. | 5 | £16pm | — | £16pm | £13pm |
| Sonic S'nd Audio | 10p | 5 | 104 | + 1 | 106 | 99½ |
| Allied Breweries | 25p | 4 | 65 | — | 89 | 62 |
| De Beers Defd. | R0.05 | 4 | 340 | −26 | 553 | 340 |
| U.D.T. | 25p | 4 | 51 | − 1 | 69 | 35 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Jan. 19 | Jan. 30 | Apr. 29 | May 11 |
| Feb. 2 | Feb. 13 | May 14 | May 26 |
| Feb. 16 | Feb. 27 | May 28 | June 8 |

*For rate indications see end of Share Information Service*

Call options were done in Premier Oil, Westminster Properties, Hambro Life, Town and City Properties, Elsburg, Britannia Arrow, Gripperrods, Simmer and Jacks, Chubb, ICI, Hawley Leisure, John Brown, Horizon Travel, Burmah, Burton and Brent Walker. Puts were transacted in Town and City Properties, Bass, Grand Metropolitan and Mount Lyell, while a double was taken out in Tricentrol.

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Mon., Jan. 26, 1981 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Fri., Jan. 23 Index No. | Thur., Jan. 22 Index No. | Wed., Jan. 21 Index No. | Tues., Jan. 20 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (211) | 280.70 | +1.5 | 15.16 | 5.88 | 8.04 | 276.68 | 279.13 | 280.04 | 277.57 | 231.88 |
| 2 | Building Materials (27) | 250.03 | +1.4 | 18.55 | 6.92 | 6.42 | 246.61 | 246.77 | 246.84 | 244.35 | 225.72 |
| 3 | Contracting, Construction (26) | 422.06 | +0.7 | 21.66 | 6.02 | 5.54 | 419.00 | 419.44 | 417.38 | 414.43 | 349.29 |
| 4 | Electricals (27) | 924.95 | +2.2 | 9.82 | 2.84 | 12.55 | 904.71 | 915.37 | 915.62 | 904.12 | 585.60 |
| 5 | Engineering Contractors (11) | 382.02 | +0.6 | 15.61 | 6.77 | 8.17 | 379.58 | 377.95 | 377.59 | 374.44 | 285.04 |
| 6 | Mechanical Engineering (71) | 164.67 | +0.8 | 18.11 | 8.08 | 6.89 | 163.31 | 164.14 | 166.42 | 165.43 | 162.24 |
| 8 | Metals and Metal Forming (13) | 129.30 | +1.2 | 20.65 | 12.91 | 6.13 | 127.81 | 129.11 | 132.15 | 131.54 | 160.05 |
| 9 | Motors (21) | 84.70 | — | 23.93 | 9.86 | 4.83 | 84.67 | 86.63 | 86.97 | 87.26 | 113.50 |
| 10 | Other Industrial Materials (15) | 285.91 | +0.8 | 16.30 | 7.54 | 7.28 | 283.52 | 288.52 | 288.11 | 286.73 | 0.00 |
| 21 | CONSUMER GROUP (199) | 236.41 | +1.2 | 16.14 | 6.67 | 7.51 | 233.51 | 233.51 | 233.86 | 231.94 | 222.05 |
| 22 | Brewers and Distillers (20) | 261.70 | +1.7 | 17.81 | 6.99 | 6.66 | 257.36 | 256.53 | 258.18 | 253.77 | 258.45 |
| 25 | Food Manufacturing (23) | 212.49 | +0.6 | 18.63 | 7.42 | 6.37 | 211.12 | 211.39 | 210.25 | 208.84 | 203.01 |
| 26 | Food Retailing (14) | 464.47 | −0.6 | 10.02 | 3.34 | 11.80 | 467.26 | 469.86 | 471.34 | 468.92 | 310.33 |
| 27 | Health and Household Products (7) | 252.85 | +1.4 | 10.49 | 5.64 | 11.34 | 249.41 | 249.43 | 251.24 | 250.50 | 215.78 |
| 29 | Leisure (22) | 344.62 | +1.4 | 16.22 | 6.64 | 7.62 | 339.75 | 339.30 | 338.74 | 332.75 | 300.54 |
| 32 | Newspapers, Publishing (12) | 419.65 | −0.3 | 21.94 | 7.43 | 5.92 | 420.77 | 425.27 | 427.61 | 425.07 | 428.91 |
| 33 | Packaging and Paper (15) | 112.80 | +1.2 | 28.49 | 10.76 | 4.06 | 111.48 | 111.27 | 112.21 | 110.76 | 125.58 |
| 34 | Stores (44) | 244.76 | +1.5 | 12.16 | 5.15 | 10.77 | 241.26 | 240.69 | 242.82 | 242.37 | 221.00 |
| 35 | Textiles (21) | 123.81 | +0.2 | 20.75 | 10.90 | 6.30 | 123.56 | 124.40 | 123.90 | 122.86 | 129.70 |
| 36 | Tobaccos (3) | 203.75 | +3.3 | 28.17 | 11.43 | 4.04 | 197.33 | 198.42 | 197.92 | 195.05 | 219.39 |
| 39 | Other Consumer (18) | 235.53 | +0.4 | 16.28 | 9.10 | 7.58 | 234.54 | 236.58 | 236.45 | 236.44 | 0.00 |
| 41 | OTHER GROUPS (78) | 209.14 | +0.8 | 18.84 | 8.19 | 6.35 | 207.38 | 207.79 | 208.00 | 206.95 | 203.97 |
| 42 | Chemicals (15) | 274.38 | +1.1 | 21.33 | 9.67 | 5.49 | 271.41 | 270.79 | 272.87 | 272.36 | 300.26 |
| 44 | Office Equipment (6) | 99.81 | +0.9 | 18.65 | 8.32 | 6.36 | 98.92 | 100.28 | 95.75 | 95.23 | 115.13 |
| 45 | Shipping and Transport (12) | 537.08 | +1.1 | 14.27 | 7.00 | 8.59 | 531.10 | 531.21 | 533.28 | 529.81 | 433.39 |
| 46 | Miscellaneous (45) | 253.20 | +0.4 | 17.51 | 6.73 | 7.03 | 252.15 | 253.40 | 254.31 | 252.17 | 239.82 |
| 49 | INDUSTRIAL GROUP (488) | 248.52 | +1.3 | 16.16 | 6.60 | 7.50 | 245.42 | 246.27 | 247.03 | 245.05 | 226.76 |
| 51 | Oils (12) | 873.97 | +1.7 | 27.48 | 6.02 | 4.05 | 859.62 | 855.24 | 870.84 | 891.99 | 717.74 |
| 59 | 500 SHARE INDEX | 298.01 | +1.4 | 18.75 | 6.47 | 6.28 | 294.02 | 294.46 | 296.38 | 296.20 | 265.71 |
| 61 | FINANCIAL GROUP (118) | 235.87 | +1.2 | — | 5.66 | — | 233.03 | 231.59 | 230.54 | 228.84 | 193.44 |
| 62 | Banks (6) | 238.00 | +0.1 | 42.98 | 7.17 | 2.79 | 237.65 | 233.46 | 232.94 | 234.32 | 224.23 |
| 63 | Discount Houses (10) | 300.74 | +0.1 | — | 5.98 | — | 300.33 | 296.87 | 295.97 | 297.41 | 245.60 |
| 64 | Hire Purchase (5) | 206.69 | −0.3 | 11.77 | 4.96 | 11.47 | 207.39 | 207.39 | 208.96 | 206.32 | 182.83 |
| 65 | Insurance (Life) (10) | 246.80 | +3.4 | — | 5.34 | — | 238.79 | 239.72 | 237.67 | 228.69 | 161.40 |
| 66 | Insurance (Composite) (9) | 149.34 | +1.6 | — | 7.83 | — | 147.03 | 147.38 | 144.43 | 142.94 | 128.97 |
| 67 | Insurance Brokers (9) | 305.76 | +3.2 | 14.92 | 7.58 | 9.17 | 296.40 | 296.21 | 295.88 | 294.21 | 287.87 |
| 68 | Merchant Banks (13) | 144.86 | +1.0 | — | 5.34 | — | 143.50 | 143.48 | 143.39 | 143.07 | 98.51 |
| 69 | Property (45) | 451.86 | +1.0 | 3.29 | 2.74 | 42.26 | 447.27 | 443.98 | 445.24 | 442.82 | 351.20 |
| 70 | Miscellaneous (11) | 169.93 | +0.5 | 16.14 | 5.43 | 7.87 | 169.11 | 166.60 | 167.15 | 166.79 | 128.24 |
| 71 | Investment Trusts (109) | 272.10 | +0.4 | — | 5.55 | — | 271.01 | 271.62 | 272.91 | 272.57 | 212.54 |
| 81 | Mining Finance (3) | 213.70 | −1.1 | 15.35 | 6.27 | 7.76 | 216.10 | 218.39 | 221.83 | 215.05 | 193.58 |
| 91 | Overseas Traders (20) | 426.53 | +0.1 | 12.04 | 6.89 | 10.11 | 426.04 | 424.99 | 425.68 | 424.75 | 386.73 |
| 99 | ALL-SHARE INDEX (750) | 285.18 | +1.2 | — | 6.26 | — | 281.86 | 281.93 | 283.19 | 282.43 | 248.60 |

### FIXED INTEREST PRICE INDICES

| | British Government | Mon., Jan. 26 | Day's change % | Fri., Jan. 23 | xd adj. today | xd adj. 1981 to date |
|---|---|---|---|---|---|---|
| 1 | Under 5 years | 107.38 | −0.20 | 107.60 | — | 0.89 |
| 2 | 5-15 years | 108.89 | −0.40 | 109.33 | — | 1.45 |
| 3 | Over 15 years | 113.31 | −0.40 | 113.76 | — | 0.59 |
| 4 | Irredeemables | 127.74 | −0.39 | 128.24 | — | 0.00 |
| 5 | All stocks | 109.60 | −0.34 | 109.97 | — | 0.86 |

| | FIXED INTEREST YIELDS British Govt. Av. Gross Red. | | Mon., Jan. 26 | Fri., Jan. 23 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 11.67 | 11.62 | 12.10 |
| 2 | | 15 years | 12.33 | 12.28 | 12.09 |
| 3 | | 25 years | 12.43 | 12.37 | 12.09 |
| 4 | Medium Coupons | 5 years | 13.49 | 13.35 | 14.26 |
| 5 | | 15 years | 13.93 | 13.85 | 13.73 |
| 6 | | 25 years | 13.70 | 13.64 | 13.62 |
| 7 | High Coupons | 5 years | 13.48 | 13.36 | 14.70 |
| 8 | | 15 years | 14.14 | 14.08 | 14.22 |
| 9 | | 25 years | 13.91 | 13.86 | 13.93 |
| 10 | Irredeemables | | 11.55 | 11.50 | 11.14 |

| | | Mon., Jan. 26 Index No. | Mon., Jan. 26 Yield % | Fri. Jan. 23 | Thur. Jan. 22 | Wed. Jan. 21 | Tues. Jan. 20 | Mon. Jan. 19 | Fri. Jan. 16 | Thur. Jan. 15 | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb. & Loans (15) | 52.03 | †14.23 | 52.04 | 52.03 | 52.03 | 52.02 | 51.96 | 51.97 | 52.00 | 51.04 |
| 16 | Investment Trust Prefs. (15) | 51.35 | 13.15 | 51.35 | 51.35 | 51.35 | 51.35 | 51.35 | 51.35 | 51.35 | 47.88 |
| 17 | Coml. and Indl. Prefs. (20) | 68.10 | 13.19 | 68.10 | 68.10 | 68.10 | 67.98 | 67.86 | 67.86 | 67.67 | 62.02 |

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

## RECENT ISSUES

### EQUITIES

| Issue Price p: | Amount Paid Up | Latest Renunc. Date | 1980/81 High | 1980/81 Low | Stock | Closing Price p | + or − | Div. or Amount | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 58 | F.P. | 5/2 | 335 | 290 | Amer. Comm. Inds. | 290 | ..... | — | — | — | — |
| $100 | F.P. | 5/2 | £41½ | £37 | Do. Notes 20% | £37 | ..... | Q20% | — | 24.5 | — |
| 610 | F.P. | — | 650 | 600 | Cramphorn | 650 | ..... | 16.5 | 2.1 | 3.6 | 18.8 |
| 5½ | F.P. | — | 7½ | 6½ | Dunton 5p | 7½ | +½ | — | — | — | — |
| 107 | F.P. | 12/1 | 134 | 113 | Independent Inv. 25p | 117 | ..... | — | — | — | — |
| 70 | F.P. | 9/1 | 100 | 78 | Midland Marts | 94 | +2 | b3.75 | 2.0 | 6.7 | 12.6 |
| 100 | F.P. | 23/1 | 116 | 97 | New Tokyo Inv Tst 50p | 114 | +1 | — | — | — | — |
| [illegible] | F.P. | — | 14 | 12 | Parkfield Foundri's | 13½ | ..... | 0.86 | 6.4 | 9.3 | 8.4 |
| 50 | F.P. | 21/1 | 51 | 47 | Pennine | 50 | ..... | — | — | — | — |
| 81½ | F.P. | 16/2 | 106 | 99½ | Sonic Sound Audio 10p | 104 | +1 | b4.48 | 1.9 | 6.2 | 10.1 |
| ** | F.P. | 9/2 | 74 | 72 | Westpool Inv. Defd. | 74 | ..... | — | — | — | — |

### FIXED INTEREST STOCKS

| Issue price £ | Amount Paid Up | Latest Renunc. Date | 1980/81 High | 1980/81 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‖ | F.P. | 14/1 | 111 | 100½ | Allied London 8¾% Cnv. Uns. Ln. 1999 | 102½ | ...... |
| ¶ | F.P. | 26/2 | 107¾ | 106½ | Chester Waterworks 9% Red. Pref. 1985 | 107 | ...... |
| 100p | F.P. | 28/1 | 105½p | 102p | Comben 11.575% Cum. Red. Pref. | 105½p | ...... |
| ‖ | Nil | 12/2 | 7pm | 6½pm | Crystalate 9¾% Cnv. Uns. Ln. '99-2000 | 6½pm | −½ |
| ¶ | F.P. | 26/2 | 107¾ | 106½ | East Anglian Water 9% Red. Pref. 1985 | 107¼ | ...... |
| ¶ | F.P. | 26/2 | 107½ | 106¾ | East Worcester 9% Red. Pref. 1985 | 107 | ...... |
| ¶ | F.P. | 26/2 | 105 | 104½ | Essex Waterworks 8¾% Red. Prf. 1985 | 104½ | ...... |
| 96 | £20 | 27/3 | 21½ | 20¾ | Iceland 14½% 2016 | 21 | −⅛ |
| £100 | £50 | 30/4 | 46 | 41 | Lon. Merchant Secs. 7½% Cv Uns Ln 2000-05 | 42 | ...... |
| 99 | F.P. | 23/3 | 101 | 98¾ | Mid-Sussex W'rw'ks 14% Red. Deb. 186-89 | 101 | ...... |
| ‖ | F.P. | 20/1 | 114p | 107p | Paterson (R.) 11½% Cum. Cnv. Prf. | 114p | +1 |
| ‖ | Nil | — | 16p | 13p | Portals 9¼% Cnv. 1994-2000 | 16p | ...... |
| ** | F.P. | 21/1 | 100p | 97p | Standard Industrial 11½% Pref. | 98p | ...... |

### "RIGHTS" OFFERS

| Issue Price p: | Amount paid up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1980/81 High | 1980/81 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 30 | Nil | 6/2 | 27/2 | 7½pm | 5pm | Benlox | 6pm | +1 |
| 115 | F.P. | 12/1 | 26/2 | 141½ | 134 | Brotherhood P. | 139 | +1 |
| 45 | Nil | — | — | 15pm | 14pm | Hampton Trust | 14pm | ...... |
| 184 | Nil | 29/1 | 13/3 | 10pm | 5pm | Johnson, Matthey | 6pm | ...... |
| 140 | F.P. | 19/12 | 30/1 | 178½ | 146 | KCA Intnl. | 155 | +8 |
| 25 | F.P. | 19/12 | 4/2 | 26 | 25 | L. K. Industrial | 25 | ...... |
| SA1.05 | 55cts | — | — | 75 | 32 | North Kalgurli Mines | 35 | +1 |
| 25 | F.P. | 21/1 | 13/2 | 26 | 24 | Prestwich Parker | 26 | ...... |
| 320 | F.P. | 25/1 | 20/3 | 357 | 330 | Royal Insurance | 357 | +7 |
| 60 | F.P. | 9/1 | 13/2 | 76 | 67 | Security Centres | 75 | ...... |
| 145 | F.P. | 19/1 | 16/2 | 202 | 174 | Warren Plants | 197 | ...... |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p‡* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ⚹ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 6 12½% Cum. Pref.

## FINANCIAL TIMES STOCK INDICES

| | Jan. 26 | Jan. 23 | Jan. 22 | Jan. 21 | Jan. 20 | Jan. 19 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 68.86 | 69.09 | 68.94 | 68.72 | 68.53 | 68.53 | 67.64 |
| Fixed Interest | 70.51 | 70.67 | 70.65 | 70.36 | 70.35 | 70.22 | 69.01 |
| Industrial Ord. | 463.9 | 455.7 | 457.1 | 461.7 | 458.6 | 453.6 | 453.6 |
| Gold Mines | 287.8 | 325.4 | 353.0 | 358.6 | 353.0 | 350.8 | 311.2 |
| Ord. Div. Yield | 7.74 | 7.88 | 7.86 | 7.80 | 7.85 | 7.92 | 7.26 |
| Earnings, Yld. % (full) | 17.45 | 17.77 | 17.68 | 17.41 | 17.52 | 17.69 | 17.89 |
| P/E Ratio (net) (*) | 7.01 | 6.88 | 6.97 | 7.03 | 6.99 | 6.92 | 6.97 |
| Total Bargains | 20,841 | 17,725 | 19,976 | 19,573 | 20,061 | 20,656 | 21,505 |
| Equity turnover £m. | — | 129.87 | 115.89 | 130.22 | 76.68 | 85.83 | 159.54 |
| Equity bargains total | — | 18,027 | 15,255 | 16,070 | 11,485 | 14,568 | 15,660 |

10 am 457.6. 11 am 459.8. Noon 460.8. 1 pm 462.4.
2 pm 462.5. 3 pm 462.8.
Latest Index 01-246 8026.
*Nil=6.47.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1980/81 High | 1980/81 Low | Since Compil'ti'n High | Since Compil'ti'n Low |
|---|---|---|---|---|
| Govt. Secs. | 72.54 (27/7/80) | 63.85 (7/5/80) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 74.08 (24/7/80) | 64.70 (10/3/80) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 515.9 (21/11/80) | 406.9 (3/1/80) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 558.9 (22/9/80) | 265.5 (18/6/80) | 558.9 (22/9/80) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| | Jan. 26 | Jan. 23 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 116.3 | 124.0 |
| Industrials | 97.1 | 97.2 |
| Speculative | 38.9 | 40.3 |
| Totals | 69.9 | 71.2 |
| 5-day Avrge. | | |
| Gilt Edged | 117.4 | 122.0 |
| Industrials | 93.5 | 91.6 |
| Speculative | 33.4 | 32.4 |
| Totals | 68.4 | 67.9 |

## NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

### NEW HIGHS (57)

**COMMONWEALTH AND AFRICAN LOANS (1)**
Aust. 5½pc '81-82

**LOANS (1)**
FFI (UK Fn) 5½pc Db. '80-82

**AMERICANS (2)**
Cheseborough-Pond's Union Carbide

**BANKS (4)**
Arbuthnot Latham Gillett Brothers
Bank Leumi (UK) Joseph (Leo.)

**BUILDINGS (6)**
Barratt Dev. Francis Parker
Carr (John) Streeters
Finlan (John) Tunnel B

**CHEMICALS (1)**
Novo Inds. A/S B

**STORES (3)**
Heelamat NSS News
Menzies (J.)

**ENGINEERING (1)**
Haden Carrier

**FOODS (4)**
Matthews (B.) Nurdin & Peacock
Morrison (W.) Somportex

**HOTELS (2)**
Epicure Wheeler's Restnts.

**INDUSTRIALS (7)**
BOC Granada A.
Barget Russell (A.)
Crest Nicholson Swire Pacific
Elect. Ind. Sec.

**LEISURE (4)**
Horizon Saga Holidays
Pleasurama Zetters

**NEWSPAPERS (1)**
Bristol Post

**PROPERTY (5)**
Beazer (C. H.) Lon. & Prov. Shop
City Offices Lon. Shop Prop.
Green (R.)

**TEXTILES (4)**
Miller (F.) Sirdar
S.E.E.T. Stroud Riley

**TRUSTS (7)**
Altifund Inc. English Association
Berry Trust Haw Par
Murray Mntr Inv. S.E. 24½pc Ann.
Do. B

**OILS (1)**
Silkolene

**OVERSEAS TRADERS (3)**
Boustead Do. A N/V
Paterson Zochonis

### NEW LOWS (30)

**AMERICANS (1)**
Ford Motor

**CHEMICALS (1)**
Norsk Hydro

**ELECTRICALS (1)**
A.B. Electronic

**ENGINEERING (3)**
Alcan Aluminium Spear & Jackson
Cooper Inds.

**INDUSTRIALS (5)**
Christie-Tyler Rockware
Nell & Spencer United Guarantee
Pentos

**MOTORS (2)**
Lucas Inds. Dorada

**NEWSPAPERS (2)**
Assoc. News Independent
Home Counties

**PAPER (1)**
Wyatt (Woodrow)

**MINES (13)**
Durban Deep Gold Fields S.A.
Grootvlei Rand Min. Props.
Leslie Vogels
Wit. Nigel Anglo-Am. Inv.
Deelkraal De Beers Dfd.
Elsburg Cons. Murch.
F.S. Geduld

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | — | 80 | 14 |
| Corpns. Dom. and Foreign Bonds | 11 | 7 | 44 |
| Industrials | 345 | 191 | 915 |
| Financial and Prop. | 188 | 35 | 275 |
| Oils | 47 | 5 | 17 |
| Plantations | 1 | 1 | 21 |
| Mines | 14 | 98 | 51 |
| Others | 40 | 59 | 58 |
| Totals | 646 | 416 | 1,395 |

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

**Frankfurt Trust Investment—GmbH**
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins | DM37.53 | 41.02 | +0.05 | —
Frankft. Effekt. Fd. | DM50.11 | 52.75 | −0.11 | —

**Free World Fund Ltd.**
Butterfield Bldg., Hamilton, Bermuda.
NAV Dec. 31 | US$152.19 | | — |

**G.T. Management Ltd.**
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'B' Units | US$1.78 | 1.83 | — | 1.19
Anchor Gilt Edge | £9.11 | 9.17 | −0.01 | 13.85
Anchor Int. Fd. | US$8.69 | 8.92 | — | 1.18
Anchor In. Jsy. Tst. | 39.7 | 42.4 | — | 2.83
Berry Pac Fd. | US$64.66 | | — | 0.85
Berry Pac Strlg. | £3.36 | 3.5152 | — | 1.18
G.T. Asia Fd. | HK$20.91 | | — | 1.20
G.T. Asia Sterling | £26.13 | 27.28 | — | 1.53
G.T. Australia Fd. | A$38.87 | 41.30 | — | 0.72
G.T. Bond Fund | US$12.13 | | −0.05 | 10.71
G.T. Dollar Fd. | US$12.91 | | — | 1.16
G.T. Dir. (Strlg.) Fd. | £13.31 | 13.86 | — | 1.13
G.T. Invest. Fd. | US$17.45 | | −0.12 | 0.57
G.T. Japan Small Cos. | US$17.49 | | +1.12 | —
Marianne (STG) Fd. | £10.49 | 11.07 | — | 3.29
G.T. Technology Fd. | US$22.41 | | — | —
G.T. Pacific Fd. | US$16.42 | | −0.19 | 2.11
G.T. Asean Growth Fd. | US$10.94 | 11.70 | — | 0.45

**Gartmore Invest. Ltd. Ldn. Agts.**
2, St. Mary Axe, London, EC3. 01-283 3531

**Gartmore Fund Managers (C.I.) Ltd. (a) (h)**
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) | 91.0 | 96.0 | +1.0 | 12.75

**Gartmore Fund Managers (Far East) Ltd. (a)(h)**
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. | US$3.577 | 14.632 | −2.077 | —
HK & Pac. U. Tst. | HK$7.671 | 8.196 | — | 2.60
Japan Fd. | US$3.578 | 25.328 | — | 0.60
N. American Tst. | US$3.398 | 25.099 | — | 1.00
Intl. Bond Fund | US$11.782 | 12.412 | — | 9.30

**Gartmore Fund Managers (IoM) (a)**
P.O. Box 32, Douglas, IoM. 0624 23911
Gartmore Intl. Inc. | 21.6 | 23.0 | — | 13.50
Gartmore Intl. Grth. | 138.9 | 147.8 | — | 0.50

**Assicurazioni GENERALI S.p.A.**
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. | £100.70 | | — |

**Granville Management Limited**
P.O. Box 73, St. Helier, Jersey. 0534 73933
Granville Inv. Tst. | £6.61 | 6.94 | — | 5.40
Next dealing day Feb. 16.

**Guinness Mahon Fd. Mgrs. (Guernsey)**
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund | £19.98 | 20.74 | — | 10.10
Prices at Dec. 17. Next dealing Jan. 29.

**Hambro Pacific Fund Mgmt. Ltd.**
2110, Connaught Centre, Hong Kong
Far East Jan. 14 | HK$24.48 | 25.82 | — | —
Japan Fund Jan. 23 | US$10.36 | 10.90 | — | —

**Hambros Fd. Mgrs. (C.I.) Ltd.**
P.O. Box 86, Guernsey. 0481-26521
Capital Reserve Fd. | £12.66 | 12.67 | — | 0.22
C.I. Fund | 185.2 | 197.2 | — | 4.02
Special Sits. Fund | 61.8 | 65.1 | — | 2.69
Intnl. Bond | US$98.13 | 103.29 | — | 10.11
Int. Equity | US$17.25 | 18.16 | — | 0.83
Int. Svgs. 'A' $US | 1.24 | 1.30 | — | —
Int. Svgs. 'B' | 1.79 | 1.88 | — | —
Prices on Jan. 20. Next dealing Jan. 28.
†Excludes initial charge on small orders.

**Henderson Admin. (Guernsey) Ltd.**
7 New St., St. Peter Port, Guernsey 0481 26541/2
American (US cents) | 135.2 | 142.3 | — |

**Henderson Baring Group**
801, Gloucester, 11, Pedder, Hong Kong
Japan Fund* Jan. 21 | US$29.22 | 30.48 | — | —
Japan Tch.* Jan. 19 | HK$17.62 | 18.38 | — | —
Malay Singa.* Jan. 20 | US$17.04 | 18.18 | — | —
Pacific Fund* Jan. 21 | HK$18.61 | 19.435 | — | —
Bond Fd.* Jan. 22 | US$10.390 | 10.508 | — | 9.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd.† | £9.43 | 9.52 | — | 13.25
*Inclusive of Preliminary charge. †Weekly dealings.

**Hill-Samuel & Co. (Guernsey) Ltd.**
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. | 179.0 | 191.5 | — | 3.39

**Hill Samuel Invest. Mgmt. Intnl.**
P.O. Box 63, Jersey. 0534 27381.
HS Channel Is. Fd. | 137.4 | 146.6 | +1.8 | 3.00
H.S. Fixed Int. Fd. | 95.0 | 100.0 | — | 12.00
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. | US$23.96 | 24.92 | −0.06 | —
CSF Fd. (Acc.) | SF18.23 | 18.62 | −0.01 | —
Crossbow Fd. | SF6.29 | 6.36 | −0.02 | —
ITF Fd. (Acc.) | US$13.55 | 13.81 | −0.10 | —

**N.V. Interbeheer**
P.O. Box 526, Delft, Holland
Esmeralda (Iss. Price) | DF63.88 | +0.29 | 1.57

**International Pacific Inv. Mgmt. Ltd.**
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. | A$3.59 | 3.71 | — | 3.72

**Jardine Fleming & Co. Ltd.**
46th Floor, Connaught Centre, Hong Kong
Jardine J'pn. Fd. | Y2089 | | — | 0.7
Do. (Accum.) | Y2,095 | | — | —
J.F. Japan Small Co. | Y11,760 | | — | —
Jardine Estn. Tst. | HK$801.69 | | — | 1.40
Intl. Pac. Secs. (Inc.) | HK$27.14 | | — | 0.70
Do. (Accum.) | HK$28.22 | | — | —
Jardine Flem Int. | HK$27.59 | | — | 0.30
Jardine S.E.A. | US$45.09 | | — | 1.10
J.F. Cur. & Bd. Fd. (Inc.) | US$11.25 | | — | 6.80
Do. (Accum.) | US$12.52 | | — | —
Japan & Pacific Gw Tst | US$12.20 | | — | 4.6
NAV January 16.
London Agents: Robt. Fleming & Co. Tel: 01-638 5858

**Leopold Joseph & Sons (Guernsey)**
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund | £12.69 | 12.70 | +0.03 | —

**Kemp-Gee Management, Jersey Ltd.**
1 Charing Cross, St. Helier, Jersey 0534 73741
Capital Fund | 139.7 | 144.0 | — | —
Income Fund | 48.9 | 50.5 | — | 11.18
Gilt Bond | £1,015 | 1,069 | — | —

**Keyser Ullmann Ltd.**
25, Milk Street, EC2V 8JE. 01-606 7070
Central Assets | 185.00 | 185.04 | +0.19 | —

**King & Shaxson Mngrs.**
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) | £7.99 | 8.01 | — | 13.00
Gilt Trust (I.o.M.) | 94.4 | 96.9 | +0.3 | 13.00
Gilt Fnd. Guernsey | 8.45 | 8.46 | — | 13.00
Intl. Govt. Secs. Tst.
First Sterling | £14.87 | 14.89 | — | —
First Intl. | 218.02 | 218.13 | — | —

**Kleinwort Benson Group**
20, Fenchurch St., EC3. 01-623 8000
Guernsey Inc. | 84.6 | 89.7 | — | 5.33
Do. Accum. | 114.5 | 121.4 | — | 5.33
K.B. Eurobond Fd. | £8.80 | 8.90 | — | 9.38
K.B. Far East Fd. | US$26.30 | | — | 1.52
K.B. Gilt Fund | £9.62 | 9.70 | — | 12.58
K.B. Int. Bd. Fd. Inc. | US$93.30 | | — | 9.43
K.B. Int. Bd. Fd. Acc. | US$112.57 | | — | 9.43
[illegible]

**Save & Prosper International**
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd. | 9.19 | 9.76 | — | 5.64
Dlr. Fxd. Int. | US$7.82 | 8.32 | — | 9.01
St. Fixed | 104.4 | 110.5 | — | 12.67
Yen Bond | 1009 | 1063 | — | 4.70
[illegible]

Kredietbank N.V. (Belgium) [illegible]
Lazard Brothers & Co. (Jersey) Ltd. [illegible]
Lloyds Bk. (C.I.) U/T Mgrs. [illegible]
Lloyds International Mgmnt. S.A. [illegible]
M & G Group [illegible]
Management International Ltd. [illegible]
Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]
Samuel Montagu Ldn. Agents [illegible]
Murray, Johnstone (Inv. Adviser) [illegible]
Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]
Negit S.A. [illegible]
N.E.L. International Ltd. [illegible]
Pacific Basin Fund [illegible]
Phoenix International [illegible]
Providence Capitol Life Ass. (C.I.) Ltd. [illegible]
Quest Fund Mngmnt. (Jersey) Ltd. [illegible]
Quilter/Hudson [illegible]
RBC Investment Managers Ltd. [illegible]
Ramince Managers Ltd. [illegible]
Richmond Life Ass. Ltd. [illegible]
Rothschild Asset Management (C.I.) [illegible]
Rothschild Asset Mgt. (Bermuda) [illegible]
Schlesinger International Mngt. Ltd. [illegible]
Schroder Life Group [illegible]
Schroder Mngt. Services (Jersey) Ltd. [illegible]
J. Henry Schroder Wagg & Co. Ltd. [illegible]
Sentry Assurance International Ltd. [illegible]
Singer & Friedlander Ldn. Agents [illegible]
Stronghold Management Limited [illegible]
Sun Alliance Fund Mngt. Ltd. [illegible]
Surinvest (Jersey) Ltd. (x) [illegible]
TSB Unit Trust Managers (C.I.) Ltd. [illegible]
Tokyo Pacific Hldgs. N.V. [illegible]
Tyndall Group [illegible]
Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]
S. G. Warburg & Co. Ltd. [illegible]
Warburg Invest. Mngt. Jrsy. Ltd. [illegible]
World Wide Growth Management [illegible]
Wren Commodity Management Ltd. [illegible]
NOTES [illegible]

هكذا من الاصل

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Amer. Gth. Tst. | 55.0 | 59.1xd | -0.2 | 2.45 |
| Abbey Capital | 43.0 | 48.4 | +0.5 | 3.28 |
| Abbey General | 52.6 | 56.9xd | +0.7 | 5.40 |
| Abbey Gilt & F.I. Tst. | 106.2 | 110.7xd | -0.3 | 11.83 |
| Abbey Income | 31.6 | 34.4xd | +0.2 | 10.20 |
| Abbey W'Wide Bd Ts. | 90.8 | 96.1 | -0.2 | 6.97 |
| Abbey Inv. Tst. Fd. | 47.2 | 51.0 | ---- | 4.98 |
| Equitas Prog. Tst. | 75.5 | 80.6 | +0.7 | 5.01 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt Trust | 87.5 | 92.1 | -0.3 | 13.03 |

**Allied Hambro Ltd. (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

| | | | | |
|---|---|---|---|---|
| **Balanced Funds** | | | | |
| Allied 1st | 84.3 | 90.2 | +1.2 | 6.40 |
| Brit. Inds. Fund | 72.6 | 77.7 | +1.4 | 6.87 |
| Growth & Income | 47.6 | 50.9xd | +0.8 | 5.30 |
| Elect. & Ind. Dev. | 41.5 | 44.4 | +0.5 | 5.63 |
| Allied Capital | 91.2 | 97.6 | +1.6 | 4.51 |
| Hambro Fund | 125.3 | 134.1 | +1.5 | 6.45 |
| Hambro Acc. Fund | 172.0 | 184.0 | +2.2 | 4.95 |
| **Income Funds** | | | | |
| High Yield Fd. | 60.6 | 64.8 | +0.3 | 9.65 |
| High Income | 74.9 | 80.1 | +0.8 | 7.93 |
| A. H. Eq. Inc. | 42.2 | 45.2xd | +0.4 | 8.20 |
| Govt. Secs. | 25.2 | 25.9 | -0.1 | 12.06 |
| **International Funds** | | | | |
| International | 33.0 | 35.3xd | ---- | 2.80 |
| Japan Fund | | 25.0 | ---- | 0.25 |
| Pacific Fund | 62.9 | 67.3xd | -0.3 | 1.22 |
| Secs. Of America | 68.1 | 72.9 | +0.1 | 2.19 |
| **Specialist Funds** | | | | |
| Smaller Co.'s Fd. | 51.6 | 55.2xd | ---- | 4.71 |
| 2nd Smlr. Co's Fd. | 62.8 | 67.2 | +0.3 | 4.46 |
| Recovery Sits. | 129.0 | 138.0 | +1.0 | 5.51 |
| Met. Min. & C'dty. | 64.4 | 68.9 | -0.2 | 5.52 |
| Overseas Earnings | 64.3 | 68.8xd | +1.0 | 5.36 |
| **Exempt Funds** | | | | |
| Income Exempt | 47.1 | 49.5xd | +0.2 | 8.59 |
| Far East Exempt | 67.9 | 70.6 | -0.2 | 2.12 |
| Smaller Co. Exempt | 80.1 | 84.1 | +0.4 | 4.76 |
| U.S.A. Exempt | 115.2 | 119.8 | +0.1 | 2.71 |

**Craigmount Unit Tst. Mgrs. Ltd.**
Bucklersbury, London EC4N 8BD. 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 33.1 | 36.1xd | +0.1 | 12.46 |
| North American | 57.9 | 62.6 | +0.3 | 2.76 |
| Canadian Exempt* | 62.6 | 66.2 | ---- | 3.55 |
| Canadian Trust | 62.9 | 68.1 | -0.2 | 2.63 |
| Mid Mount High Inc.* | 46.0 | 48.7 | ---- | 9.91 |
| Recovery | 55.9 | 61.0 | +0.5 | 7.06 |
| Gilt Trust | 42.6 | 44.6 | -0.2 | 12.97 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 4931

| | | | | |
|---|---|---|---|---|
| Cres. Amer. Fd. | 37.9 | 40.9 | +0.3 | 0.92 |
| Cres. Internat'l. | 72.5 | 78.3 | -0.3 | 1.84 |
| Cres. High. Dist. | 40.0 | 43.2 | +0.9 | 11.37 |
| Cres. Reserves | 48.0 | 51.8 | +0.8 | 5.55 |
| Cres. Tokyo | 30.4 | 32.8 | -0.8 | 0.95 |

**Dartington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf. Unit Tst. | 24.0 | 25.5 | ---- | 9.97 |

**Discretionary Unit Fund Managers**
36/38 New Broad St, EC2M 1NU. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. Jan. 23 | 218.6 | 233.2 | ---- | 5.67 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 16.8 | 18.6xd | ---- | 9.03 |
| Gt. Winchester O'seas | 25.1 | 27.9xd | ---- | 4.01 |

**Emson & Dudley Tst. Mngmnt. Ltd.**
28b Albemarle St., W1. 01-493 3211

| | | | | |
|---|---|---|---|---|
| Emson Dudley Tst. | 85.6 | 92.1 | ---- | 6.00 |

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 84.2 | 88.6 | +1.2 | 4.90 |

**Fidelity International Management Ltd.**
62-63 Queen St, London EC4 1AD 01-248 4891.

| | | | | |
|---|---|---|---|---|
| American (z) | 31.0 | 33.6 | ---- | 0.85 |
| Ameri. Spec. Sits. (z) | 23.7 | 25.7 | +0.1 | 0.92 |
| Gilt + Fixed Int. | 24.6 | 25.9xd | -0.1 | 12.46 |
| Growth + Income | 29.4 | 31.7 | +0.2 | 7.81 |
| Maximum Inc. Eq. Tst. | 24.6 | 26.5 | +0.2 | 9.65 |
| Special Sits. | 36.9 | 39.7 | -0.1 | 2.00 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow. 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l | 35.3 | 38.2 | ---- | 2.40 |
| Accum. Units | 44.0 | 47.4 | ---- | 2.40 |
| J. Finlay High Income | 33.5 | 36.0 | ---- | 10.43 |
| Finlay Wld. Energy | 18.4 | 19.8 | +0.2 | 1.57 |
| Accum. Units | 23.7 | 25.5 | +0.3 | 1.57 |
| J. Finlay Fd. In. Tst. | 37.4 | 40.2 | ---- | 5.00 |

**M & G Group (y)(c)(z)**
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

**Scottish Equitable Fnd. Mgrs. Ltd.♥**
28 St. Andrews Sq. Edinburgh 031-556 9101

| | | | | |
|---|---|---|---|---|
| Income Units | 59.1 | 62.9 | ---- | 5.58 |
| Accum. Units | 75.3 | 80.1 | ---- | 5.58 |

Dealing day Wednesday
For Sebag see Carr, Sebag Unit Trust Managers.

**Security Selection Ltd.**
Regis Hse., King William St., EC4. 01-623 4951.

| | | | | |
|---|---|---|---|---|
| Unvl Gth Tst Acc | 34.1 | 36.3 | ---- | 8.33 |
| Unvl Gth Tst Inc | 25.4 | 27.1 | ---- | 8.33 |

**SIMCO Money Funds**
66, Cannon Street, EC4N 6AE 01-236 1425

| | | | | |
|---|---|---|---|---|
| SIMCO Call Fund† | 100.0 | — | ---- | 14.55 |
| SIMCO 7-Day Fund† | 100.0 | — | ---- | 14.02 |

†Unauthorised—Cash Deposit Funds.

**Stewart Unit Tst. Managers Ltd.(a)**
45, Charlotte Sq., Edinburgh. 031-226 3271

| | | | | |
|---|---|---|---|---|
| †Stewart American Fund | | | | |
| Standard Units | 77.1 | 81.9 | -0.2 | 1.54 |
| Accum. Units | 83.9 | 89.2 | -0.2 | — |
| Withdrawal Units | 62.6 | 66.6 | -0.1 | — |
| *Stewart British Capital Fund | | | | |
| Standard | 178.4 | 190.3 | ---- | 7.44 |
| Accum. Units | 207.6 | 221.5 | ---- | 7.44 |

Dealing †Tues. & Fri. *Wed.

**Sun Alliance Fund Mngt. Ltd.**
Sun Alliance Hse., Horsham. 0403 64141

| | | | | |
|---|---|---|---|---|
| Ex. Eq. Jan. 14 | 300.20 | 316.10 | ---- | 5.09 |
| ♥The Family Fd. | 122.5 | 130.3 | ---- | 5.48 |

**Target Tst. Mngrs. Ltd.♥(a)(g)**
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621.2

| | | | | |
|---|---|---|---|---|
| Commodity | 62.2 | 66.9 | -1.1 | 2.74 |
| Energy | 49.5 | 53.2 | ---- | 1.64 |
| Financial | 85.2 | 91.8 | +0.7 | 4.05 |
| Gilt Capital | 134.0 | 139.6 | -0.6 | 3.25 |
| Gilt Income | 92.1 | 96.6 | -0.3 | 12.44 |
| Investment Trust | 44.4 | 47.7 | +0.2 | 3.57 |
| Special Situations | 30.1 | 32.9 | ---- | 4.29 |
| American Eagle | 33.8 | 36.3 | -0.2 | 1.06 |
| Pacific Income | 32.8 | 35.3 | -0.3 | 1.74 |
| Pacific Accum. | 38.0 | 40.9 | -0.3 | 1.74 |
| Income | 23.9 | 25.7 | +0.1 | 11.23 |
| Extra Income | 50.7 | 54.5 | +0.3 | 12.21 |
| Preference Share | 12.0 | 13.1xd | ---- | 12.99 |
| Equity | 46.6 | 50.1 | ---- | 6.18 |
| Income and Growth | 50.5 | 54.3 | +0.5 | 4.26 |
| Growth | 37.2 | 40.0 | +0.2 | 3.51 |
| Professional Jan. 21 | 216.4 | 232.7 | ---- | 4.38 |
| Ecty. Ex. Inc. Jan. 21 | 257.8 | 271.2 | ---- | 6.67 |
| Ecty. Ex. Acc. Jan. 21 | 429.0 | 451.2 | ---- | 6.67 |
| Carlol H.Y. Jan. 21 | 33.0 | 35.1 | ---- | 10.06 |
| Carlol Accum. Jan. 21 | 49.7 | 53.7 | ---- | 10.06 |

**Tower Unit Trust Mngt. Ltd.**
39/45 Finsbury Square, EC2A 1PX. 01-628 2612.

| | | | | |
|---|---|---|---|---|
| Income & Growth | 21.3 | 22.9 | +0.2 | 8.98 |
| Special Situations | 29.2 | 30.7 | +0.1 | 2.40 |

**Trades Union Unit Tst. Managers♥**
100, Wood Street, E.C.2. 01-628 8011

# INSURANCE PROPERTY BONDS

**Capital Life Assurance♥**
Coniston House, Chapel Ash, Wton. 0902 28511

| | | | |
|---|---|---|---|
| Key Invest. Fd. | 105.80 | ---- | — |
| Pacemaker Inv. Fd. | 81.15 | ---- | — |

**Charterhouse Magna Gp.♥**
Stephenson Hse., Brunel Centre, Bletchley, Milton Keynes. 0908 641272

**Chieftain Assurance Funds**
11 New Street, EC2M 4TP. 01-283 3933

**City of Westminster Assurance**
Milton Keynes

Series (2) Prices are for policies issued after 1.1.1980.
Series (1) These are bid prices for earlier policies.

**Commercial Union Group**
St. Helen's, 1, Undershaft, EC3. 01-283 7500

# OFFSHORE & OVERSEAS FUNDS

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

## INTERNATIONAL BANK

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH AND AFRICAN LOANS

| | | | | | | |
|---|---|---|---|---|---|---|
| 95½ | 82¼ | Aust. 5½pc '81-82 | 93¾ | +½ | 5.98 | 13.08 |
| 85½ | 72½ | Do. 6pc 1981-83 | 84 | .... | 7.13 | 13.10 |
| 67½ | 58 | N.Z. 7½pc 1988-92 | 65 | -1 | 11.24 | 13.41 |
| 82¼ | 72 | Do. 7½pc '83-86 | 78 | .... | 9.73 | 13.62 |
| 99 | 88 | Sth. Afr. 9½pc 79-81 | 97½ | .... | 9.96 | 16.28 |
| 160 | 95 | S. Rhod. 2½pc Non-Ass | 120 | -4 | — | — |
| 50 | 31 | Do. 5½pc 80-85 Assd | 46 | -2 | 7.95 | 25.10 |
| 33 | 20½ | Do. 4½pc 87-92 Assd | 27xd | -2 | 16.66 | 22.20 |
| 301 | 270 | Zimbabwe Ann (£100xd) | 355 | -22 | — | 25.71 |

## LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICALS—Continued

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

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## INDUSTRIALS—Continued

| 1980-81 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 54 | 40 | Hargreaves 20p | 48 | ...... | 3.96 | 2.2 | 14.1 | (3.8) |
| 88 | 52 | Harris (Ph.) 20p | 61 | ...... | 5.5 | 1.6 | 12.9 | (5.8) |
| 46½ | 28½ | Harris & Sheldon | 29 | ...... | 3.0 | 2.3 | 14.8 | 4.0 |
| 34 | 18 | Hawkins & Tipson | 28 | ...... | 1.0 | φ | 5.1 | φ |
| 16¼ | 6½ | Hawtin 5p | 8½ | −½ | 0.25 | 8.6 | 4.2 | 2.9 |
| 72 | 46 | Hay (Norman) 10p | 68 | ...... | ‡3.35 | 1.7 | ‡ | 11.7 |
| 106 | 57 | Henshaw 'A' 10p | 101 | ...... | φ2.5 | 3.5 | 3.5 | 11.6 |
| 112 | 86½ | Hepworth Ceram. | 96 | +1 | 5.0 | 3.9 | 7.4 | 4.7 |
| 36 | 22 | Hestair | 25 | ...... | 1.0 | 1.8 | 5.7 | (11.8) |
| 50 | 32 | Hewitt (J.) | 40 | ...... | 1.5 | 9.8 | 5.4 | 2.2 |
| 43 | 24 | Highgate & Job 50p | 42 | +4 | — | — | — | — |
| 65 | 40 | Hill (Chas.) £1 | 42 | ...... | — | — | — | — |
| 33 | 16 | Hirst Mal'son 20p | 16 | ...... | ‡2.6 | 1.4 | ‡ | (3.1) |
| 100 | 75 | Holden (A.) | 92 | ...... | 5.0 | 3.3 | 7.8 | 4.5 |
| 51 | 23 | Hollis Bros | 31 | +1 | ‡1.4 | — | ‡ | — |
| 88 | 55 | Holt Lloyd Int. 10p | 66 | ...... | b3.17 | 2.5 | 6.9 | 6.8 |
| 182 | 106 | Hoover 'A' | 112 | +2 | ‡12.0 | 0.9 | ‡ | (28.9) |
| 112 | 34 | Hoskins & H 20p | 43 | ...... | ‡8.0 | 1.5 | ‡ | 3.1 |
| 80 | 48 | Howard Tenens | 51 | ...... | ‡2.28 | 2.8 | ‡ | 9.4 |
| 377 | 230 | Hunting Assoc. | 260 | −5 | 5.0 | 6.8 | 2.7 | 6.7 |
| 131 | 60 | Huntleigh 10p | 122 | +2 | t1.5 | 2.8 | 1.8 | 30.6 |
| 167 | 55½ | Hutch Whamp SHK1 | 149 | +1 | M028c | 2.6 | 1.5 | 24.8 |
| 25½ | 12 | Hyman (I. & J.) 5p | 13½ | ...... | 1.25 | 3.6 | 13.2 | 3.8 |
| £14½ | 845 | I.C. Industries$1 | £13 | ...... | Q$2.00 | — | 6.4 | — |
| 196 | 43 | ICL | 46 | −1 | 2.97 | 3.9 | 9.2 | 3.1 |
| 39 | 24 | Ingall Inds. 10p | 35 | ...... | 2.27 | 1.6 | 9.3 | 9.7 |
| 215 | 107 | Initial Services | 196 | ...... | 7.5 | 2.3 | 5.5 | 9.7 |
| 18 | 8½ | Inter-City 20p | 9½ | ...... | ‡0.6 | 1.8 | ‡ | (7.3) |
| 57 | 39 | J. B. Holdings 10p | 39 | ...... | 3.0 | 2.1 | 11.0 | 6.1 |
| 150 | 100 | Jacksons Bourne | 133 | +6 | 5.0 | 3.3 | 5.4 | 8.1 |
| 12½ | 4½ | James (M.) Inds. 10p | 12 | ...... | ‡0.75 | 3.9 | ‡ | 3.3 |
| 295 | 108 | Jardine M. SHK6 | 192 | −1 | tQ88c | 1.9 | 3.8 | 14.8 |
| 29 | 15½ | Jentique | 18½ | ...... | 1.03 | 2.8 | 8.0 | (7.3) |
| 16 | 3 | Johnson & Barnes | 9 | ...... | — | — | — | — |
| 193 | 135 | Johnson Clnrs. | 153 | +1 | ‡6.2 | 3.8 | 5.8 | 4.9 |
| 281½ | 99½ | Johnson Mthy. £1 | 189 | ...... | 19.0 | 2.8 | 6.8 | (7.3) |
| 92 | 39½ | Jourdan (T.) 10p | 76 | ...... | 4.2 | 0.6 | 7.9 | 29.5 |
| 86 | 63 | Kalamazoo 10p | 71 | ...... | 3.75 | 1.4 | 7.5 | 11.6 |
| 190 | 98 | Kelsey Inds. | 150 | ...... | 8.0 | 5.0 | 7.6 | 4.0 |
| 125 | 53 | Kennedy Sm. 10p | 113 | ...... | t3.5 | 3.4 | 4.5 | 7.9 |
| 362 | 225 | Kershaw (A.) 5p | 310 | ...... | 21.75 | φ | 10.6 | φ |
| 77 | 54 | Keen-E-Ze Hldgs. | 54 | ...... | 5.5 | 3.1 | 14.6 | 2.5 |
| 82 | 61 | L.C.P. Hlds | 67 | +2 | 4.3 | 1.8 | 9.2 | 8.2 |
| 27 | 15 | L.K. Ind'l. Invs. | 25 | ...... | — | — | — | — |
| 42 | 25 | L.R.C. Int. 10p | 37½ | +½ | t2.45 | 1.8 | 9.4 | (7.0) |
| 64 | 44 | Lawtex | 51 | ...... | 4.0 | 4.7 | 11.2 | 2.0 |
| 168 | 116 | Lead Inds. 50p | 124 | +2 | 9.66 | 2.7 | 11.1 | 4.3 |
| 88 | 55 | Leadenhall Sterling | 55 | ...... | t3.25 | 3.3 | 8.4 | 5.3 |
| 325 | 229 | Lep Group 10p | 310 | ...... | φ16.5 | 2.5 | 7.6 | 6.6 |
| 34 | 13 | Lesney Prods. 5p | 19 | ...... | §‡1.23 | — | ‡ | — |
| 142 | 85 | Letraset 10p | 93xd | +1 | φ7.14 | 1.3 | 11.0 | 9.6 |
| 54 | 30 | Lilleshall 10p | 30 | ...... | 3.5 | 3.8 | 16.7 | 1.7 |
| 38 | 28 | Lon. & Liv. 10p | 30 | ...... | H1.4 | 1.2 | 6.7 | 30.2 |
| 122 | 83 | London & Mid'd | 97 | +1 | 7.75 | 2.8 | 11.4 | 5.7 |
| 42½ | 27 | Lon. & Nthn. Grp. | 33 | +1 | 3.75 | 3.3 | 16.2 | 2.3 |
| 11 | 5 | Long Hmbly. 10p | 8½ | ...... | — | — | — | — |
| 90 | 62 | Longton Inds. | 62 | ...... | 5.0 | 3.7 | 11.5 | 2.6 |
| 65 | 42 | Lonsdale Univrsl. | 45 | ...... | t5.17 | 1.9 | 16.4 | 3.9 |
| 44 | 10 | ††Lontrim | 20# | ...... | b3.36 | 1.3 | 24.0 | 4.7 |
| 182 | 158 | Low & Bonar 50p | 160 | ...... | t14.5 | 1.6 | 12.9 | 6.8 |
| 48 | 30 | M.Y. Dart. 10p | 37 | ...... | 2.9 | 1.8 | 11.2 | (5.9) |
| 132 | 89 | M'c'rthy Ph. 20p | 127 | +1 | 6.5 | 2.4 | 7.3 | 6.4 |
| 82 | 66 | Macfarlane Gp. | 78 | ...... | t3.52 | 2.8 | 6.4 | 7.7 |
| 36 | 20 | MacLellan 20p | 20 | ...... | 1.43 | 2.4 | 10.2 | (4.7) |
| 101 | 63 | Macpherson (D.) | 67 | ...... | 4.2 | 4.8 | 9.0 | 3.1 |
| 88 | 53 | Magnolia Group | 53 | ...... | 2.1 | 5.7 | 5.7 | 4.3 |
| 255 | 175 | Man. Ship Can. £1 | 188 | ...... | 18.38 | 1.1 | 14.0 | 9.3 |
| 49 | 36 | Marley | 41 | +1 | 2.25 | φ1.5 | 8.0 | (10.4) |
| 27 | 14½ | Marling Ind. 10p | 15 | ...... | 0.89 | 3.5 | 8.5 | 4.4 |
| 36 | 22 | Marshall L'xy. 'A' | 22 | ...... | 2.8 | 1.9 | 18.0 | (3.5) |
| 114 | 44 | Marshall's Univ | 58 | ...... | ‡5.84 | 1.7 | ‡ | (4.7) |
| 25 | 13 | Martin-Black | 15 | ...... | — | — | — | — |
| £182 | £78 | Mathesons 7¼pc | £139 | ...... | Q7¼% | 2.3 | f5.6 | — |
| 162 | 130 | Maynards | 156 | ...... | 8.75 | 2.5 | 8.0 | (5.7) |
| 318 | 156 | Metal Box £1 | 160 | +4 | ‡20.3 | 1.9 | ‡ | 3.5 |
| 120 | 78 | Metal Closures | 83 | ...... | 5.4 | 2.9 | 9.3 | 4.2 |
| 38 | 16 | Mettoy | 19 | ...... | ‡1.85 | 1.6 | ‡ | (5.8) |
| 23 | 12 | Do. Defd. | 14 | ...... | — | — | — | — |
| 44 | 8 | Moben Grp. 10p | 20 | ...... | — | — | — | — |
| £124 | £78 | M'santo 5pc 82-6 | £122 | −2 | Q5% | — | f4.2 | — |
| 156 | 114 | Morgan Crucible | 115 | ...... | 7.5 | 2.5 | 9.3 | 5.4 |

## INSURANCE

## INSURANCE—Continued

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## SHIPPING

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### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc.

## FINANCE, LAND—Continued

## OIL AND GAS

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

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### Sri Lanka

### Africa

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum

### Central African



## MINES—Continued

### Australian

| 1980-81 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 37 | 21 | Acmex 50c | 37 | ...... | Q2.5c | — | 3.4 |
| 28 | 12 | ACM 20c | 17 | ...... | — | — | — |
| •199 | 46½ | Bond Corp. | 145 | ...... | Q7.5c | 1.9 | 2.6 |
| 156 | 83 | Bougainville I Kina | 84 | +1 | [illegible] | 1.0 | [illegible] |
| •350 | 221 | CRA 50c | 244 | −1 | Q15c | 2.1 | [illegible] |
| 25 | 11½ | Canada Northwest | 19½ | +½ | — | — | — |
| 42 | 8 | Carr Boyd 20c | 22 | −1 | — | — | — |

### Tins

### Copper

### Miscellaneous

| 1980-81 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 97 | 43 | Barymin | 48 | −2 | — | — | — |
| 17 | 12 | Burma Mines 10p | 15½ | ...... | 0.62 | 1.1 | 5.8 |
| 445 | 53 | Colby Res. Corp. | 283 | ...... | — | — | — |
| 502 | 220 | Cons. Murch. 10c. | 220 | −20 | Q30c | 1.8 | 7.8 |
| 180 | 75 | ††Hemerdon 10c. | 75 | ...... | — | — | — |
| 225 | 36 | Highwood Res. | 155 | ...... | — | — | — |
| 585 | 325 | Northgate C$1 | 345 | −5 | — | — | — |
| •486 | 322 | R.T.Z. | 392 | −3 | †16.0 | 3.2 | 5.8 |
| £115 | £97 | [illegible] | £97 | −1 | Q9½% | — | f10.0 |
| 138 | 91 | ††SPD Minerals 10p | 130 | ...... | — | — | — |
| 58 | 26 | Sabina Inds. C$1 | 38 | +1 | — | — | — |
| 51 | 29 | ††SWCM 10p | 30 | −1 | — | — | — |
| 650 | 411 | Tara Exptn. $1 | 500 | ...... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ♦ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- φ Not comparable.
- φ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- •• Regional price.
- II No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 39 | ...... |
| Bertam | 14 | ...... |
| Bdg'wtr. Est. 50p | 530 | ...... |
| Craig & Rose £1 | £11¼ | ...... |
| Fife Forge | 39 | ...... |
| Finlay Pkg. 5p | 20 | ...... |
| Graig Ship. £1 | £17 | ...... |
| Higsons Brew | 67 | ...... |
| Holt (Jos) 25p | 340 | ...... |
| I.O.M. Stm. £1 | 168 | ...... |
| Pearce (C. H.) | 660 | ...... |
| Peel Mills | 60 | ...... |
| Sheff. Refrshmt | 101 | ...... |
| Sindall (Wm.) | 130 | ...... |

### IRISH

| | | |
|---|---|---|
| Conv. 9% '80/82 | £93½ | ...... |
| Nat. 9¼% 84/89 | £75 | ...... |
| Fin. 13% 97/02 | £84⅝ | ...... |
| Alliance Gas | 48 | ...... |
| Arnott | 225 | ...... |
| Carroll (P. J.) | 77 | ...... |
| Concrete Prods. | 83 | ...... |
| Heiton (Hldgs.) | 32 | ...... |
| Ins. Corp. | 340 | ...... |
| Irish Ropes | 40 | ...... |
| Jacob | 31½ | ...... |
| T.M.G. | 26 | ...... |
| Unidare | 82 | ...... |

## OPTIONS

### 3-month Call Rates

**Industrials**

| | | | | | |
|---|---|---|---|---|---|
| A. Brew | 7 | "Imps" | 7 | Utd. Drapery | 6½ |
| BOC Intl. | 9 | I.C.L. | 9 | Vickers | 14 |
| B.S.R. | 4½ | Inveresk | 3 | Woolworths | 5 |
| Babcock | 11 | Ladbroke | 24 | **Property** | |
| Barclays Bank | 40 | Legal & Gen. | 20 | Brit. Land | 8 |
| Beecham | 15 | Lex Service | 9 | Cap. Counties | 11 |
| Blue Circle | 30 | Lloyds Bank | 28 | Land Secs. | 35 |
| Boots | 20 | "Lots" | 4 | MEPC | 20 |
| Bowaters | 20 | London Brick | 6 | Peachey | 8 |
| B.A.T. | 25 | Lucas Inds. | 20 | Samuel Props. | 15 |
| Brown (J.) | 6½ | "Mams" | 20 | Town & City | 2¼ |
| Burton | 10 | Mrks. & Spncr. | 9 | **Oils** | |
| Cadburys | 6 | Midland Bank | 32 | Brit. Petroleum | 36 |
| Courtaulds | 6 | N.E.I. | 7 | Burmah Oil | 19 |
| Debenhams | 8 | Nat. West. Bank | 32 | Charterhall | 11 |
| Distillers | 17 | P & O Dfd. | 12 | KCA | 22 |
| Dunlop | 7½ | Plessey | 25 | Premier | 10 |
| Eagle Star | 22 | Racal Elect. | 32 | Shell | 40 |
| F.N.F.C. | 3½ | R.H.M. | 4 | Tricentrol | 34 |
| Gen. Accident | 30 | Rank Org. | 16 | Ultramar | 48 |
| Gen. Electric | 50 | Reed Intnl. | 18 | **Mines** | |
| Glaxo | 22 | Sears | 4½ | Charter Cons. | 20 |
| Grand Met. | 14 | Tesco | 5½ | Cons. Gold | 45 |
| G.U.S. 'A' | 48 | Thorn | 28 | Lonrho | 10 |
| Guardian | 32 | Trust Houses | 18 | | |
| G.K.N. | 16 | Tube Invest. | 18 | | |
| Hawker Sidd. | 20 | Unilever | 50 | | |
| House of Fraser | 15 | [illegible] | [illegible] | [illegible] | [illegible] |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

# FINANCIAL TIMES

Tuesday January 27 1981



## Shipowner signs deal with NUS strikers

By Pauline Clark and William Hall

CANADIAN PACIFIC Ships, the country's sixth biggest sea freight operator, yesterday became the first company to break ranks and sign its own *pay agreement* with the National Union of Seamen—a deal believed to be worth at least 16 per cent.

Industrial action by crewmen on board CP's 31-vessel fleet was immediately called off but the union's national pay strike campaign against other shipowners which have not signed agreements went into its third week yesterday.

Mr. Jim Slater, NUS general secretary, hailed the CP deal as "*a breakthrough.*" He claimed other shipping companies were ready to follow CP's example in *defying the hard line adopted* by the General Council of British Shipping, whose "final" 12 per cent offer *was rejected* by the union.

But the GCBS said it was not aware of any other major companies negotiating separately with the union.

Mr. Adrian Swire, GCBS president, said he was not wholly surprised by the CP decision. The company was different from most of the *council's* members. It was largely controlled from Bermuda and Montreal.

*However*, CP's *action* has undoubtedly embarrassed the GCBS and angered other UK shipowners. The company transferred most of its fleet to the UK register only last year.

As a member of the GCBS it is committed to negotiating through the council and Mr. Patrick Shovelton, the GCBS director general, said last night *that CP was in breach of its* membership agreement.

The CP deal covers 800 NUS members, of whom *100* are British nationals. It is believed to go some way towards meeting the union's central demand for overtime rates to be increased from time and a quarter to time and a half.

The union said seamen on *seven of the company's ships* would benefit from February 1. The rest, who receive consoli*dated rates of pay, would* be subject to a review of their overtime patterns to assess their share of the deal.

The company said yesterday that it was not willing to see good industrial relations with its seamen and the NUS deteriorate, nor to jeopardise its commercial position.

The GCBS said yesterday that *some 30 ships were to be sold* or scrapped as a result of the dispute and 900 seafaring jobs would be lost.

It said 138 ships were stopped yesterday, 80 in UK ports and 58 overseas. The union reported that 500 ships had been hit

# Tax avoidance curbs sought

BY TIM DICKSON

PROPOSALS aimed at preventing companies using over*seas subsidiaries to avoid* UK tax were published by the Inland Revenue yesterday.

The proposals, put forward in a Revenue consultative paper, have been drawn up at the request of the Government.

They follow increasing Government concern at the considerable growth in the *use of tax havens by* tax avoidance companies in recent years.

The Revenue proposes that UK companies deemed to be avoiding tax through overseas subsidiaries should pay tax on their share of the overseas income and capital gains.

"Corporate shareholders resident in the UK will be treated as liable for a pro rata share of a UK tax charge on the income and gains of *overseas companies* which are controlled by UK residents," says the consultative document.

The main weapon so far against this form of corporate tax avoidance has been section 482 of the Income and Corporation Taxes Act, 1970, which prevents companies from transferring their place *of residence for tax purposes* and prohibits certain other transactions relating to overseas companies without Treasury consent.

But, following the abolition of exchange controls in 1979, the Revenue says it could be argued that those provisions are no longer appropriate.

Nonetheless, new legislation, would be needed because the repeal of section 482 would seriously increase the risk of loss to the Exchequer by tax avoidance."

The control of a company *would be defined by existing* law and the charge would apply to those with a direct or indirect interest of 10 per cent or more in an overseas company. There would be safeguards to exclude groups involved in "geenuine trading *and commercial activity.*"

The charge, moreover, would arise only if a "privileged tax system" were involved—that is one where a company paid no tax or paid at a rate significantly less than in the UK.

These powers would almost certainly be accompanied by statutory rules defining "company residence." At present the concept rests on case law and is determined largely by the location of a company's central management and control.

*The established* criteria, according to the Revenue, "have not only become artificial with the passage of time. They also have enabled companies to arrange a residence for tax purposes which may bear little resemblance to the *seat of the company's operations.*"

In a separate consultative document published yesterday, the Revenue says that under the proposed tax rules the place where the working directors actually carried out their administrative functions would be more important than where they hold their board meetings.

# EEC considers 'drawing rights' plan to set up 15m tonne oil bank

BY JOHN WYLES IN BRUSSELS

PLANS FOR an EEC oil bank are being considered by European Commission officials as a means of implementing recent *international oil-sharing agree*ments.

The proposals, which have not been discussed by the 14-member Commission, have the attraction of not requiring any physical movement of oil to a member-State suffering a temporary shortfall in supplies.

In essence, each member-State would require its oil companies to subscribe a quantity of "drawing rights" to the scheme. Confidential Commis*sion working documents suggest* a total common reserve of about 15m tonnes or the equivalent of 10 days' consumption in the Ten.

EEC countries are obliged to maintain minimum reserves of 90 days' oil supply. Should any member's stock fall below this level it would be able to meet its Community commitments initially by drawing, in the form of certificates, the amount it had "banked" with the reserve.

*If necessary, it could go on to* draw paper rights totalling as much as 50 per cent of common stocks. Any "overdraft" would involve the drawer in a commitment to reduce its internal oil demand.

The plan is a development of proposals which France has put forward at meetings of officials preparing for next year's seven-nation world economic summit in Ottawa. It offers a joint Community approach to implement*ing an agreement endorsed* by EEC member-states in November and by the International Energy Agency in December.

These agreements aim to avoid a temporary shortage of oil supplies in one or more countries which would put pressure on spot market prices and thereby encourage producers to raise posted prices. More serious shortages would trigger existing IEA emergency oil sharing arrangements.

*At the moment, however,* EEC members are committed to implementing the November oil-sharing scheme at *national level* and it remains to be seen whether Viscount Etienne Davignon, the new Energy Commissioner, will decide to encourage a Community approach.

If he does, the oil bank ideas are likely to be refined and developed in time for discussion at a meeting of EEC Energy Ministers in March.

Adoption of such a scheme by the Community would *almost certainly* require subsequent endorsement by the IEA, which includes the U.S. and Canada, so as to be effective and credible.

**Japan crude oil imports fall, Page 3**

# Six companies to build Iraq dam

BY STEWART FLEMING

A GERMAN-ITALIAN consor*tium of six companies* headed by Hochtief, the second largest West German building concern, has secured a *DM 3bn (£621m)* order to construct a dam in northern Iraq near Mosul, about 200 miles north of Baghdad on the Tigris river.

The deal follows West Germany's decision to give export-credit guarantees again to companies doing business with Iraq.

Hermes, the State-backed *export credit insurance con*cern, disclosed on January 13 that it was ready to issue guarantees for contracts outside the Iraq-Iran war zone.

There had been fears that the war would prolong suspension of export-credit guarantees at a time when, according to the *West German Middle East* Trade Association, some DM 10bn of contracts in Iraq were under tender, including the Hochtief order.

The Bonn Government has encouraging an export drive in Iraq, in view of the country's balance of payments difficulties.

Work on the five-year project is expected to begin shortly. It *will provide irrigation and flood*-control, and an electricity-generating scheme.

There will be two dams, an earth-filled construction 3.6 kilometres long and 100 metres high, and another 400 metres long and 10 metres high.

Hochtief, which led the con*struction group for the Cabora* Bassa dam in Mozambique and participated in construction of the Tarbela dam, Pakistan, is leading a construction team of three German and three Italian companies. About one third of the total cost will go to Hochtief.

Zeublin and Trapp of West Germany are participating in *the project with Impeglio. Ital*strade and Cogifar of Italy. Four electricity generating-stations and two pumping-stations are also to be built.

# Pretoria's exports to Africa up

By Quentin Peel in Johannesburg

SOUTH AFRICA boosted its exports *to the rest of the continent* by more than 50 per cent last year. They rose to some R1.1bn (£609.5m), while the country's overall trade surplus attained a record R5.5bn, due largely to the big increase in the gold price over the year.

However, according to preliminary trade figures issued by the Department of Customs, the rapid growth of the South African economy has resulted in a surge in imports while ex*ports have increased* more slowly because of the slump in the world economy.

Trade with the rest of Africa — mainly agricultural exports of which maize is the most important—increased at a considerably faster rate than trade with the rest of the world. This underlines black Africa's increasing dependence on the white-ruled south.

While overall exports were up 34 per cent to R19.87bn, im*ports increased by 45 per cent* to R14.34bn. Exports to Africa rose by R369m from R733m in 1979, although imports from Africa increased only marginally from R254m to R280m.

Because of the political sensitivity of Pretoria's relations with the rest of Africa, the Government gives no breakdown of its trade with those countries.

*However*, South Africa is known to have concluded substantial maize sales to Zambia, Zaire, Zimbabwe, Mozambique and Kenya, while Botswana, Lesotho, Malawi and Swaziland are regular customers for wheat and processed foods.

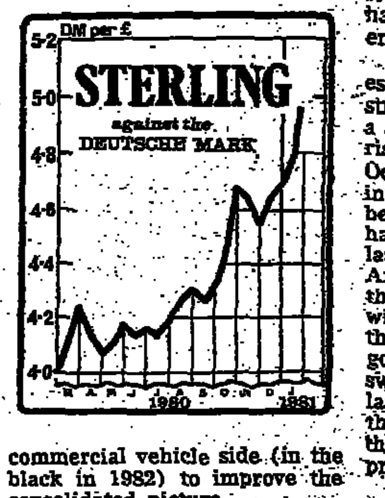
The overall trade figures underline South Africa's reliance on gold, which accounted *for more than 50 per* cent of total exports, with sales of more than R10bn. The weakening gold price was an important factor behind its December trade figures, which showed the lowest trade surplus for the year — R196m compared with *R300m or more in most other* months.

## THE LEX COLUMN

# BL budgets for mini-pound

Sterling remained in demand yesterday, rising from 80.4 to 81.0 on its trade-weighted index, which because of its heavy dollar content rather understates the pound's strength at a time when the dollar, too, is very firm. The new index to be introduced next week cuts the dollar's weighting from a third to a quarter of the basket and would show still more spectacular progress.

**Index rose 8.2 to 463.9**




### BL plan

The surge in sterling yesterday against most currencies coincided with the publication of BL's 1981 corporate plan, and the latest currency movements *underline the fragility of the* group's projections. What primarily went wrong in 1980, *after all*, was that the sterling assumptions went seriously astray, and the group was exposed to a price-cost squeeze and a cold blast of international competition which has badly affected cash flow. A year ago the average trade-weighted index for sterling in 1980 was expected by BL to come out at 69, whereas it was actually 75. With the index now hitting 81 and rising, BL is reckoning that the 1981 average will be only 74 *(and the figure will be down* to 65 by 1985).

In fact BL managed to keep its recourse to Government funds within the agreed £300m limit for 1980, but only by taking emergency short term action like slashing stocks and deferring capital spending. The impact has only been delayed, so that instead of requiring just *£133m* between 1981 and 1983, as envisaged a year ago, a massive injection of £620m has been agreed for the 1981-82 financial year. Further substantial, though smaller, sums are scheduled for later years.

But BL admits that its financial performance wil remain very dependent on the actual level of sterling compared with the *assumptions* in the plan. In the first half of 1980 the loss after interest, tax and extra-ordinary items was £181.5m, and though no indication of the full year figure is given in the plan, it is stated that the impact of deteriorating competitiveness *became even more serious in* the second six months so an overall loss of the order of £400m can presumably be expected.

Losses are now forecast to reduce, and profits are indicated for the group as a whole in 1983. BL Cars, however, could still be in the red until 1985, and the group will be relying on *Land-Rover and Unipart* (profitable throughout) and the commercial vehicle side (in the black in 1982) to improve the consolidated picture.

The Government is grimly stomaching this plan because it sees itself as having no real alternative. This way, there is another big item to add on to the 1981-82 PSBR, but at least there should be a favourable *spin-off* for the likes of Lucas and Guest Keen, and alternative of huge closures would also be enormously expensive for the Exchequer. But a serious weakness of BL's plan is that there is no indication of what the cost of a more buoyant trend in *sterling* might be. It would seem prudent for any business to plan ahead on the basis of an *unchanged sterling level*; there would be a better chance, to appraise the risks if the numbers thrown up by such an assumption were to be disclosed and discussed.

### Gold

The central banks were going to start buying gold at $550. *Now they are going to come in* at $500 — or at least that is the fervent hope of the scared bulls *who yesterday saw bullion fall* through what had been billed as the next support level as though it did not exist. The price in London closed at $529½.

The easiest explanation for the fall is that it is very painful to hold a non-income producing *asset at a time when the dollar* is rising and nominal U.S. interest rates are very high. When the capital value of that asset is falling, the urge to sell becomes intense—especially if it has been bought on margin. In that sense, the declines feed on themselves.

The blood letting has been even more spectacular in terms *of share prices, with the impact* of the lower bullion price being geared up by the high operating costs of the mines. Yesterday, the FT Gold Mines Index slumped more than a tenth, and it now stands at little more than half the all-time high last September.

*Of course there* is nothing especially new about either the strength of the dollar, which on a trade-weighted basis has been rising strongly since last October, or the level of U.S. interest rates. But then even before the recent break, gold had come back a long way from last autumn's high point of $716. And as much as anything else, the current declines are to do with the growing realisation that U.S. interest rates are not going to be allowed to slide swiftly down in the manner of last Spring. The implications of this are also being recognised in the base metal markets, where prices look very groggy.

### Associated/BEP

Having been passed over in the race for the Times, Associated Newspapers is now flexing its takeover muscles at the expense of the Bristol Evening Post. And its terms are generous enough: 190p a share, 85p above Friday's market price and a small premium to net worth. At present 29.9 per cent of BEP is held by Associated, its *directors* and its pension fund.

BEP has diversified out of newspapers without much success, and Associated seems anxious to have more say in what is, after all, an important investment; in particular it hints that it could introduce the "new" technology to BEP's printing, with benefits all *round*.

Associated is not frightened of the Monopolies Commission since its 40 per cent group holding in BEP's newspaper subsidiary makes it a *proprietor* in the eyes of the law. Since it already controls the newspaper —*as the Monopolies Commis*sion declared when overruling BEP's bid for the West Somerset Free Press last year—there is nothing to stop Associated from increasing its shareholding.

The only problem is an agree*ment* signed in 1966, under which Associated bound itself, in order to still local criticism about outside ownership, not to buy more shares in BEP. This fuddy-duddy old agreement is now, according to Associated, "of historical interest only." As is fashionable at present, Associated pledges itself to safeguard editorial independence and *autonomy—this* time, no doubt for ever.

## Eurocredit will allow Italy $2bn

By Peter Montagnon, Euromarkets Correspondent

*ITALY has asked Bankers Trust* to arrange a $2bn (£830.9m) credit in the Euromarkets to *finance reconstruction work* after the earthquakes in the Naples region last November.

The credit is understood to embody the finest conditions achieved by Italy on its international horrowings, although Bankers Trust yesterday declined to confirm the deal.

Half the proceeds are to be drawn initially. The other half is being borrowed on a stand-by basis to finance additional costs as the reconstruction work continues.

Euromarket bankers say the first tranche of the eight-year credit will bear interest at a margin of ½ per cent over U.S. prime rates for the first four years, *rising to* ⅝ per cent for the next four. The margin on the second tranche — over London interbank rates — will start at ⅜ per cent for the first four years rising thereafter to ½ per cent.

Italy is raising the funds through the State-owned *Cassa* per il Mezzogiorno which finances economic development *projects in the under-privileged* southern part of the country.

This is the first time Italy has been able to borrow at a margin of only ½ per cent over the U.S. prime rate, although the terms are not quite as fine as those set by Spain on its *current $500m deal.*

The Spanish credit bears an option for banks to lend at a margin of ½ per cent over U.S. prime for the full eight years of the loan.

Although the two borrowers are similar, Italy has been unable to match the conditions achieved by Spain because of its already large volume of inter*national borrowing.*

Last year Italian borrowings in the Eurocredit market *nearly doubled* to $6.53bn, while Spain raised only $5.37bn compared with $4.18bn in 1979.

**Euromarkets, Page 20**

## Aid for BL

Continued from Page 1

then a return to profitability.

But it will be "five to 10 years" before BL will be able to attract external funds on normal commercial terms.

The plan includes £320m of extraordinary expenditure, mainly to cover factory closures and the redundancy programme.

This has raised *fears* that Sir Michael could be hoping to shed 10,000 jobs on top of the 26,000 lost last year. Since he joined *the group, 52,000 have been cut.*

BL is to be restructured again, and be split into BL Cars, Leyland Group (trucks and buses), Unipart (spare parts), and Land Rover.

The Government has allowed the BL board to press ahead with collaborative deals, even big ones, if this would help the car business return to profits and maintain BL as a major European vehicle producer.

Over the period 1981-85, BL's capital expenditure should be £1.65bn including £930m for cars, £430m for trucks and buses and £200m for Land Rover.

Capital expenditure in 1981 alone is forecast at £335m, compared with under £330m last *year. BL will probably finance* about a third from its own resources.

The Government will take more BL shares in exchange for its cash, with £620m, being injected in the 1981-82 financial year and £370m in 1982-83.

**Richard Evans, Lobby Editor,** writes: Many Conservative backbenchers were deeply disturbed by Sir Keith's statement and made clear their opposition *to so much additional aid,* to BL. There were especially heated protests when he admitted that he could give no guarantee that it would be the last time.

Sir Keith's discomforture was intensified by strong Labour backing for the Government's decision. One Labour MP commented that Sir Keith, instead of coming to the Commons "looking totally miserable," should make much more of the support he was giving to embattled British industry.

## Labour MPs

Continued from Page 1

be made by Mr. William Hamilton, MP for Central Fife, to persuade MPs to elect their own leader *in spite of Saturday's* decision.

The attempt is likely to be defeated heavily as decisions have already been taken in support of the conference vote to widen the franchise for electing a leader. But the debate might *show the degree of hostility* within the PLP to Saturday's controversial decision which gave the trade unions 40 per cent of the electoral college and MPs only 30 per cent.

Dr. David Owen, while insisting that no final decision on a *new party had been made, said yesterday that separation from* Labour was now "very close." He hoped some electoral *arrangement* would be made with the Liberals and he even forecast the grouping could win outright at the next General Election.

Speaking on BBC radio he attacked the Labour leadership in bitter terms, saying it had *failed to stop infiltration by the* Left-wing Militant Tendency and had supported "unprincipled compromise."

**Philip Bassett** writes: Trade union and party leaders met yesterday for the first time since Saturday in the forum of the TUC-Labour Party liaison committee.

The liaison committee agenda covered the subject of indus*trial democracy*, and neither it nor the TUC's finance and general purposes committee, which also met yesterday, did more than touch on the result of the conference.

Mr. Terry Duffy, president of the Amalgamated Union of *Engineering Workers, whose* mandate withholding of his 925,000 votes was instrumental in the success of the 40-30-30 formula, said he thought it likely that the moderate unions would try to reverse the decision at the annual party *conference.*

## Murdoch discipline clause

Continued from Page 1

Newspaper Provisions of the Fair Trading Act.

● The Times sales to Mr. *Murdoch was raised at a Cabinet* committee meeting by Mr. John Biffen, Trade Secretary, but it is understood no decision was reached. It is for Mr. Biffen to decide whether to refer the case to the Monopolies and Mergers Commission and he was seeking *the advice of Ministerial* colleagues.

● Mr. Murdoch, meeting journalists on The Times, denied he was holding a gun to the Government's head over the matter of reference, but said he did not believe the unions would negotiate if there was uncertainty over his eventual ownership of the group.

He told them he did not feel he had anything to fear from a *commission investigation*, but it would conflict with the timing of the agreement he had reached with the Thomson organisation. He said it could not complete an investigation in less than eight weeks.

## Weather

**UK TODAY**

MILD, CLOUDY. Dry with sunny intervals, but rain in N. Scotland and N.W. England.

**Most of England, Scotland and Wales, Channel**

Dry, sunny intervals. Fog patches.

***Lakes, IoM.*, S.W. Scotland, Glasgow, Argyll**

Rain. Coastal fog.

**N.E., N.W. Scotland, Orkney, Shetland**

Rain. Coastal fog. Gales.

**Outlook:** Mild, cloudy, bright intervals in E. and S.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 13 | 55 | Locarno | S | 15 | 59 |
| Algiers | S | 18 | 64 | London | C | 9 | 48 |
| Amsdm. | C | 6 | 43 | L. Ang.† | S | 10 | 50 |
| Athens | F | 10 | 50 | Luxmbg. | F | 5 | 41 |
| Bahrain | C | 21 | 70 | Madrid | S | 7 | 45 |
| Barclna. | S | 12 | 54 | Majorca | S | 14 | 57 |
| Beirut | R | 11 | 52 | Malaga | S | 14 | 57 |
| Belfast | C | 9 | 48 | Malta | C | 13 | 55 |
| Belgrd. | C | −1 | 30 | M'chstr | R | 7 | 45 |
| Berlin | S | 0 | 32 | Melbne. | F | 42 | 108 |
| Biarritz | F | 4 | 39 | Miami† | S | 10 | 50 |
| Bmghm. | C | 8 | 46 | Milan | S | 5 | 41 |
| Blackpl. | R | 7 | 45 | Montrl.† | C | −1 | 30 |
| Bordx | S | 10 | 50 | Moscow | C | −6 | 21 |
| Boulgn. | C | 8 | 46 | Munich | C | 1 | 34 |
| Bristol | C | 9 | 48 | Nairobi | F | 28 | 82 |
| Brussels | F | 8 | 46 | Naples | C | 0 | 32 |
| Budpst. | F | 2 | 36 | Nwcstl. | R | 6 | 43 |
| Cairo | F | 18 | 64 | N York† | F | 2 | 36 |
| Cardiff | C | 8 | 46 | Nice | S | 13 | 55 |
| Cape T. | F | 23 | 73 | Nicosia | C | 14 | 57 |
| Chicg.† | C | 2 | 36 | Oporto | S | 14 | 57 |
| Cologne | C | 3 | 37 | Oslo | S | −2 | 28 |
| Cpnhgn. | S | 1 | 34 | Paris | F | 7 | 45 |
| Corfu | S | 12 | 54 | Prague | F | −2 | 28 |
| Denver† | S | −5 | 23 | Reykjvk. | R | 6 | 43 |
| Dublin | C | 9 | 48 | Rhodes | F | 13 | 55 |
| Dbrvnk. | S | 8 | 46 | Rome | S | 12 | 54 |
| Ednbgh. | C | 6 | 43 | Salzbrg. | C | 1 | 34 |
| Faro | S | 14 | 57 | S'cisco† | R | 7 | 45 |
| Florence | S | 6 | 43 | Singapr. | F | 31 | 90 |
| Frankft. | S | 4 | 39 | Stckhm. | S | −3 | 27 |
| Geneva | Fg | −1 | 30 | Strasbg. | R | 3 | 37 |
| Gibrltr. | F | 15 | 59 | Sydney | C | 18 | 64 |
| Glasgow | C | 7 | 45 | Tangier | F | 18 | 64 |
| G'nsey | F | 9 | 48 | Tel Aviv | C | 15 | 59 |
| Helsinki | S | −6 | 21 | Tenerife | F | 13 | 55 |
| H Kong | C | 17 | 63 | Tokyo | C | 7 | 45 |
| Innsbrk. | Sn | 2 | 36 | T'rnto† | F | 6 | 43 |
| Invrnss. | C | 8 | 46 | Tunis | S | 15 | 59 |
| I.o Man | C | 9 | 48 | Valencia | S | 13 | 55 |
| Istanbul | C | 4 | 39 | Venice | S | 3 | 37 |
| Jersey | F | 9 | 48 | Vienna | Sn | −1 | 30 |
| Jo'burg | C | 24 | 75 | Warsaw | C | −1 | 30 |
| L. Plms. | S | 20 | 68 | Zurich | C | 2 | 36 |
| Lisbon | S | 11 | 52 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.



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